Senate Language S0888-3

ARTICLE 1
STATE GOVERNMENT APPROPRIATIONS

Section 1. **STATE GOVERNMENT APPROPRIATIONS.**

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

	APPROPRIATIONS Available for the Year Ending June 30	
	2016	**2017**
Sec. 2. **LEGISLATURE**		
Subdivision 1. **Total Appropriation**	$ 70,913,000	$ 71,811,000

House Language UES0888-2

ARTICLE 1
STATE GOVERNMENT APPROPRIATIONS

Section 1. **STATE GOVERNMENT APPROPRIATIONS.**

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

	APPROPRIATIONS Available for the Year Ending June 30	
	2016	**2017**
Sec. 2. **LEGISLATURE**		
Subdivision 1. **Total Appropriation**	$ 69,160,000	67,595,000

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Appropriations by Fund	2016	2017
General	70,785,000	71,683,000
Health Care Access	128,000	128,000

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

Subd. 2. **Senate**	23,372,000	23,976,000
Subd. 3. **House of Representatives**	30,524,000	30,524,000

To avoid cost overruns, on June 1, 2015, the commissioner of administration shall determine whether the house of representatives has vacated the house chamber as of June 1, 2015, and whether the chief clerk of the house of representatives has provided written assurance that the house chamber will remain vacant until the completion of the Capitol renovation project funded under Laws 2013, chapter 136, section 3, including the 2016 regular legislative session. The commissioner of administration shall provide notice of this determination

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Appropriations by Fund	2016	2017
General	67,032,000	67,467,000
Health Care Access	128,000	128,000
Special Revenue	2,000,000	0

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

Subd. 2. **Senate**	21,501,000	21,501,000
Subd. 3. **House of Representatives**	28,998,000	28,998,000

$1,723,000 of the senate carryforward balance shall cancel to the general fund on July 1, 2015.

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to the commissioner of management and budget. If the commissioner of management and budget has been notified that the house has not vacated the house chamber and provided written assurance as required in this paragraph, the commissioner shall cancel $500,000 of this appropriation in the first year to the general fund, and $500,000 is appropriated from the general fund in the first year to the commissioner of administration for the purposes specified in Laws 2013, chapter 136, section 3, subdivision 2.	
	During the biennium ending June 30, 2017, any reductions from the prior biennium's base level appropriation for the house of representatives must be implemented by making equal reductions in expenditures for house staff and expenditures for house members.
During the biennium ending June 30, 2017, any revenues received by the house of representatives from voluntary donations to support broadcast or print media are appropriated to the house of representatives.	During the biennium ending June 30, 2017, any revenues received by the house of representatives from voluntary donations to support broadcast or print media are appropriated to the house of representatives.
	$3,938,000 of the house carryforward balance shall cancel to the general fund on July 1, 2015.
Subd. 4. **Legislative Coordinating Commission** 17,017,000 17,311,000	Subd. 4. **Legislative Coordinating Commission** 18,661,000 17,096,000

Senate Language S0888-3

Appropriations by Fund		
General	16,889,000	17,183,000
Health Care Access	128,000	128,000

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

$297,000 in fiscal year 2016 and $297,000 in fiscal year 2017 are for the Office of the Revisor of Statutes to maintain and improve information technology services. The approved complement of the revisor of statutes is increased by five positions. This appropriation shall be added to the revisor's budget base.

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

House Language UES0888-2

Appropriations by Fund		
General	16,533,000	16,968,000
Health Care Access	128,000	128,000
Special Revenue	2,000,000	0

$1,567,000 of the Legislative Coordinating Commission carryforward balance and the Revisor of Statutes carryforward balance shall cancel to the general fund on July 1, 2015.

$7,132,000 each year from the general fund is to the Office of the Legislative Auditor. The auditor is requested to do an evaluation of Minnesota veterans homes.

$435,000 in fiscal year 2017 is for the revisor's administrative rules system.

$595,000 each year is for the Office of the Revisor of Statutes to maintain and improve information technology services.

Senate Language S0888-3

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

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

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

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

House Language UES0888-2

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

$2,000,000 is transferred from the state employee group insurance trust fund to a rulemaking account in the special revenue fund.

$2,000,000 for the biennium ending June 30, 2017, is appropriated from the rulemaking account in the special revenue fund to the legislative auditor to:

(1) reimburse executive agencies for costs associated with determining if proposed rules have substantial economic impact and for costs of peer review advisory panels for proposed rules that have substantial economic impact; and

(2) reimburse the legislative auditor for costs associated with this process.

Sec. 3. **GOVERNOR AND LIEUTENANT GOVERNOR** **$ 3,134,000 $ 3,134,000**

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

(b) $19,000 the first year and $19,000 the second year are for necessary expenses in the normal performance of the Governor's and Lieutenant Governor's duties for which no other reimbursement is provided.

Senate Language S0888-3

(c) By September 1 of each year, the commissioner of management and budget shall report to the chairs and ranking minority members of the senate State Departments and Veterans Affairs Budget Division and the house of representatives State Government Finance Committee any personnel costs incurred by the Offices of the Governor and Lieutenant Governor that were supported by appropriations to other agencies during the previous fiscal year. The Office of the Governor shall inform the chairs and ranking minority members of the committees before initiating any interagency agreements.

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

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

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

Appropriations by Fund

	2016	2017
General	22,125,000	22,125,000
State Government Special Revenue	1,823,000	1,823,000

House Language UES0888-2

(c) During the biennium ending June 30, 2017, the Office of the Governor may not receive payments of more than $805,000 each fiscal year from other executive agencies to support personnel costs incurred by the office. By September 1 of each year, the commissioner of management and budget shall report to the chairs and ranking minority members of the senate State Departments and Veterans Affairs Budget Division and the house of representatives State Government Finance Committee any personnel costs incurred by the Offices of the Governor and Lieutenant Governor that were supported by appropriations to other agencies during the previous fiscal year. The Office of the Governor shall inform the chairs and ranking minority members of the committees before initiating any interagency agreements.

Sec. 4. **STATE AUDITOR** $ **1,982,000** $ **1,982,000**

Sec. 5. **ATTORNEY GENERAL** $ **22,897,000** $ **22,897,000**

Appropriations by Fund

	2016	2017
General	20,679,000	20,679,000
State Government Special Revenue	1,823,000	1,823,000

Senate Language S0888-3

Environmental	145,000	145,000
Remediation	250,000	250,000

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

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

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

Sec. 7. **CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD**	**$ 1,164,000**	**$ 1,028,000**

House Language UES0888-2

Environmental	145,000	145,000
Remediation	250,000	250,000

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

Sec. 6. **SECRETARY OF STATE**	**$ 6,198,000**	**$ 6,198,000**

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

$420,000 the first year and $440,000 the second year are for the Safe at Home program.

Sec. 7. **CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD**	**$ 893,000**	**$ 893,000**

Senate Language S0888-3

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

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

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

Appropriations by Fund

	2016	2017
General	380,000	383,000
Workers' Compensation	7,250,000	7,250,000

House Language UES0888-2

(b) $150,000 in fiscal year 2016 is appropriated to the Campaign Finance and Public Disclosure Board to complete redevelopment of its Web site. This appropriation is available until June 30, 2017.

(c) By January 15, 2016, the director of the Campaign Finance and Public Disclosure Board shall report to the chairs and ranking minority members of the senate State Departments and Veterans Affairs Budget Division and the house of representatives State Government Finance Committee on the status of the Web site redevelopment project. The report shall include a budget detailing total dollars to be spent, completion date of the project, and dollars expended to date.

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

Sec. 9. **ADMINISTRATIVE HEARINGS** **$ 7,627,000 $ 7,627,000**

Appropriations by Fund

	2016	2017
General	377,000	377,000
Workers' Compensation	7,250,000	7,250,000

Senate Language S0888-3

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

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

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

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

House Language UES0888-2

Campaign Violations Hearings. $115,000 each year is appropriated from the general fund for the cost of considering complaints filed under Minnesota Statutes, section 211B.32. These amounts may be spent in either year of the biennium.

$6,000 in fiscal year 2016 and $6,000 in fiscal year 2017 are appropriated from the general fund to the Office of Administrative Hearings for the cost of considering data practices complaints filed under Minnesota Statutes, section 13.085. These amounts may be used in either year of the biennium. $6,000 is added to the agency's base to be available for the biennium.

Sec. 10. **MN.IT SERVICES** **$ 2,431,000 $ 2,431,000**

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

Senate Language S0888-3

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

7.29 Sec. 11. **ADMINISTRATION**

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

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

8.1	Subd. 2. **Government and Citizen Services**	10,009,000	9,144,000

8.2 $74,000 the first year and $74,000 the second
8.3 year are for the Council on Developmental
8.4 Disabilities.

8.5 $735,000 the first year and $65,000 the
8.6 second year are to conduct a disparity study
8.7 required under Minnesota Statutes, section
8.8 16C.16, subdivision 5. This is a onetime
8.9 appropriation.

House Language UES0888-2

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

8.24 Sec. 11. **ADMINISTRATION**

8.25	Subdivision 1. **Total Appropriation**	**$ 19,781,000**	**$ 19,191,000**	

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

8.29	Subd. 2. **Government and Citizen Services**	7,265,000	7,095,000

9.1 $74,000 the first year and $74,000 the second
9.2 year are for the Council on Developmental
9.3 Disabilities.

8.30 $210,000 the first year and $40,000 the
8.31 second year are for increased information
8.32 technology associated with supporting small
8.33 business purchasing programs.

Senate Language S0888-3

$500,000 in fiscal year 2016 and $500,000 in fiscal year 2017 are credited to the accommodation account established in Minnesota Statutes, section 16B.4805. In fiscal year 2016, the commissioner of administration may use five percent of the appropriation for fiscal year 2016 for developing policies and procedures to implement the reimbursement program established in Minnesota Statutes, section 16B.4805, and for educating qualifying agencies about the availability of and process for receiving reimbursement for accommodation expenses.

$100,000 in fiscal year 2016 and $100,000 in fiscal year 2017 are for the Information Policy Analysis Division to provide training and technical assistance to local units of government on compliance with Minnesota Statutes, chapter 13, the Minnesota Data Practices Act. This is a onetime appropriation and is available until June 30, 2019.

Subd. 3. **Strategic Management Services**	1,975,000	2,009,000
Subd. 4. **Fiscal Agent**	13,157,000	11,737,000

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

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

House Language UES0888-2

Subd. 3. **Strategic Management Services**	1,789,000	1,789,000
Subd. 4. **Fiscal Agent**	10,727,000	10,307,000

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

In-Lieu of Rent. $7,488,000 the first year and $7,488,000 the second year are for space costs of the legislature and veterans organizations, ceremonial space, and statutorily free space.

Senate Language S0888-3	House Language UES0888-2
Relocation Expenses. $1,380,000 the first year and $960,000 the second year are for rent loss and relocation expenses related to the Capitol renovation project. This is a onetime appropriation.	**Relocation Expenses.** $1,284,000 the first year and $864,000 the second year are for rent loss and relocation expenses related to the Capitol renovation project. Relocation expenses include only moving of art, fixtures, renovation supplies, and similar materials, and may not be used for moving Senators, Senate staff, and related offices and supplies. This is a onetime appropriation.
Public Broadcasting. (a) $1,550,000 the first year and $1,550,000 the second year are for matching grants for public television.	**Public Broadcasting.** (a) $1,161,000 the first year and $1,161,000 the second year are for matching grants for public television.
(b) $550,000 the first year and $550,000 the second year are for public television equipment grants under Minnesota Statutes, section 129D.13. The base for fiscal year 2018 is $250,000, and for fiscal year 2019 is $250,000.	(b) $200,000 the first year and $200,000 the second year are for public television equipment grants.
(c) The commissioner of administration must consider the recommendations of the Minnesota Public Television Association before allocating the amount appropriated in paragraphs (a) and (b) for equipment or matching grants.	(c) The equipment or matching grants in paragraphs (a) and (b) must be allocated after considering the recommendations of the Minnesota Public Television Association.
(d) $592,000 the first year and $592,000 the second year are for community service grants to public educational radio stations. This appropriation may be used to disseminate emergency information in foreign languages. The base for fiscal year 2018 is $392,000 and for fiscal year 2019 is $392,000.	(d) $287,000 the first year and $287,000 the second year are for community service grants to public educational radio stations. This appropriation may be used to disseminate emergency information in foreign languages.

Senate Language S0888-3	House Language UES0888-2
(e) $367,000 the first year and $367,000 the second year are for equipment grants to public educational radio stations. This appropriation may be used for the repair, rental, and purchase of equipment including equipment under $500. The base for fiscal year 2018 is $117,000 and for fiscal year 2019 is $117,000.	(e) $100,000 the first year and $100,000 the second year are for equipment grants to public educational radio stations. This appropriation may be used for the repair, rental, and purchase of equipment including equipment under $500.
(f) $560,000 the first year and $560,000 the second year are for equipment grants to Minnesota Public Radio, Inc., including upgrades to Minnesota's Emergency Alert and AMBER Alert Systems. The base for fiscal year 2018 is $310,000 and for fiscal year 2019 is $310,000.	(g) $207,000 the first year and $207,000 the second year are for equipment grants to Minnesota Public Radio, Inc., including upgrades to Minnesota's Emergency Alert and AMBER Alert Systems.
(g) The appropriations in paragraphs (d), (e), and (f), may not be used for indirect costs claimed by an institution or governing body. The commissioner of administration must consider the recommendations of the Minnesota Public Educational Radio Stations before awarding grants under Minnesota Statutes, section 129D.14, using the appropriations in paragraphs (d), (e), and (f).	(f) The grants in paragraphs (d) and (e) must be allocated after considering the recommendations of the Association of Minnesota Public Education Radio Stations under Minnesota Statutes, section 129D.14. As a condition of receiving grants under paragraphs (d) and (e), the Association of Minnesota Public Education Radio Stations must agree that it will not take any steps leading to the operation of new stations unless specifically authorized by a future law.
(h) Any unencumbered balance remaining the first year for grants to public television or radio stations does not cancel and is available for the second year.	(h) Any unencumbered balance remaining the first year for grants to public television or radio stations does not cancel and is available for the second year.
Sec. 12. **CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD** **$ 340,000 $ 345,000**	Sec. 12. **CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD** **$ 325,000 $ 325,000**

Senate Language S0888-3

Sec. 13. **MINNESOTA MANAGEMENT AND BUDGET** **$ 22,277,000** **$ 23,569,000**

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

House Language UES0888-2

Sec. 13. **MINNESOTA MANAGEMENT AND BUDGET** **$ 18,757,000** **$ 18,757,000**

$156,000 the first year and $156,000 the second year are to develop and implement a return on taxpayer investment (ROTI) methodology using the Pew-MacArthur Results First framework to evaluate corrections and human services programs administered and funded by state and county governments. The commissioner shall engage and work with staff from Pew-MacArthur Results First, and shall consult with representatives of other state agencies, counties, legislative staff, the commissioners of corrections and human services, and other commissioners of state agencies and stakeholders to implement the established methodology. The commissioner of management and budget shall report on implementation progress and make recommendations to the governor and legislature by January 31, 2017.

Senate Language S0888-3

11.13 Sec. 14. **REVENUE**

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

11.15 Appropriations by Fund

	2016	2017
11.17 General	142,352,000	142,832,000
11.18 Health Care Access	1,749,000	1,749,000
11.19 Highway User Tax Distribution	2,183,000	2,183,000
11.21 Environmental	303,000	303,000

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

House Language UES0888-2

11.21 The commissioner must report to the chairs
11.22 and ranking minority members of the
11.23 House of Representatives State Government
11.24 Finance Committee and the Senate State
11.25 Departments and Veterans Budget Division
11.26 by July 15, 2015, on the gainsharing program
11.27 in Minnesota Statutes, Section 16A.90. The
11.28 report must include information on how the
11.29 commissioner has promoted the program
11.30 to state employees, results achieved under
11.31 the program, and recommendations for any
11.32 legislative changes needed to make the
11.33 program more effective.

11.34 Sec. 14. **REVENUE**

11.35 Subdivision 1. **Total Appropriation** $ **140,717,000** $ **139,537,000**

12.1 Appropriations by Fund

	2016	2017
12.3 General	136,482,000	135,302,000
12.4 Health Care Access	1,749,000	1,749,000
12.5 Highway User Tax Distribution	2,183,000	2,183,000
12.7 Environmental	303,000	303,000

12.8 Subd. 2. **Tax System Management** 112,101,000 110,921,000

Senate Language S0888-3

Appropriations by Fund		
General	113,736,000	114,216,000
Health Care Access	1,749,000	1,749,000
Highway User Tax Distribution	2,183,000	2,183,000
Environmental	303,000	303,000

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

House Language UES0888-2

Appropriations by Fund		
General	107,866,000	106,686,000
Health Care Access	1,749,000	1,749,000
Highway User Tax Distribution	2,183,000	2,183,000
Environmental	303,000	303,000

Base reductions must be made from expenses related to the capital equipment sales tax repealed in 2014, and cannot be applied to compliance activities.

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

Senate Language S0888-3	House Language UES0888-2
(b) For purposes of this appropriation, "taxpayer assistance services" means accounting and tax preparation services provided by volunteers to low-income, elderly, and disadvantaged Minnesota residents to help them file federal and state income tax returns, Minnesota property tax refund claims, and to provide personal representation before the Department of Revenue and Internal Revenue Service.	(b) For purposes of this section, "taxpayer assistance services" means accounting and tax preparation services provided by volunteers to low-income, elderly, and disadvantaged Minnesota residents to help them file federal and state income tax returns and Minnesota property tax refund claims and to provide personal representation before the Department of Revenue and Internal Revenue Service.
Subd. 3. **Debt Collection Management** 28,616,000 28,616,000	Subd. 3. **Debt Collection Management** 28,616,000 28,616,000
Sec. 15. **GAMBLING CONTROL** $ **3,260,000** $ **3,324,000**	Sec. 15. **GAMBLING CONTROL** $ **3,959,000** $ **3,959,000**
Appropriations by Fund	
General 483,000 779,000	
Special Revenue 2,777,000 2,545,000	
The special revenue fund appropriations are from the lawful gambling regulation account in the special revenue fund.	These appropriations are from the lawful gambling regulation account in the special revenue fund.
Sec. 16. **RACING COMMISSION** $ **1,168,000** $ **1,153,000**	Sec. 16. **RACING COMMISSION** $ **899,000** $ **1,081,000**

Senate Language S0888-3

Appropriations by Fund	2016	2017
General	269,000	72,000
Special Revenue	899,000	1,081,000

The general fund appropriation is for fiscal years 2016 and 2017 only.

The special revenue fund appropriations are from the racing and card playing regulation accounts. The base for the special revenue fund appropriation is $972,000 in fiscal year 2018 and $971,000 in fiscal year 2019.

The Racing Commission is directed to work in consultation with the racing industry to propose permanent dedicated funding changes to fully support the operations of the commission to ensure that racing is conducted in the public interest. These changes shall be reported to the Office of the Governor and to the majority and minority leaders of the relevant finance and policy legislative committees by November 1, 2015.

Sec. 17. **STATE LOTTERY**

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

Sec. 18. **AMATEUR SPORTS COMMISSION** **$ 4,300,000 $ 300,000**

House Language UES0888-2

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

Sec. 17. **STATE LOTTERY**

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

Sec. 18. **AMATEUR SPORTS COMMISSION** **$ 253,000 $ 253,000**

Senate Language S0888-3					House Language UES0888-2				
Mighty Ducks. $4,000,000 in fiscal year 2016 is for the purposes of Minnesota Statutes, section 240A.09, paragraph (b).									
Sec. 19. **COUNCIL ON BLACK MINNESOTANS**	**$**	**396,000**	**$**	**401,000**	Sec. 19. **COUNCIL ON BLACK MINNESOTANS**	**$**	**392,000**	**$**	**392,000**
					These appropriations are from the ethnic councils account in the special revenue fund.				
					The general fund base in fiscal years 2018 and 2019 for this council is $392,000 each year.				
Sec. 20. **COUNCIL ON ASIAN-PACIFIC MINNESOTANS**	**$**	**359,000**	**$**	**364,000**	Sec. 20. **COUNCIL ON ASIAN-PACIFIC MINNESOTANS**	**$**	**354,000**	**$**	**354,000**
					These appropriations are from the ethnic councils account in the special revenue fund.				
					The general fund base in fiscal years 2018 and 2019 for this council is $354,000 each year.				
Sec. 21. **COUNCIL ON AFFAIRS OF CHICANO/LATINO PEOPLE**	**$**	**381,000**	**$**	**386,000**	Sec. 21. **COUNCIL ON AFFAIRS OF CHICANO/LATINO PEOPLE**	**$**	**375,000**	**$**	**375,000**
					These appropriations are from the ethnic councils account in the special revenue fund.				
					The general fund base in fiscal years 2018 and 2019 for this council is $375,000 each year.				
Sec. 22. **INDIAN AFFAIRS COUNCIL**	**$**	**569,000**	**$**	**576,000**	Sec. 22. **INDIAN AFFAIRS COUNCIL**	**$**	**562,000**	**$**	**562,000**
					These appropriations are from the ethnic councils account in the special revenue fund.				
					The general fund base in fiscal years 2018 and 2019 for this council is $562,000 each year.				
Sec. 23. **MINNESOTA HISTORICAL SOCIETY**					Sec. 23. **MINNESOTA HISTORICAL SOCIETY**				

Senate Language S0888-3			House Language UES0888-2		
Subdivision 1. **Total Appropriation**	**$ 23,086,000**	**$ 23,326,000**	Subdivision 1. **Total Appropriation**	**$ 22,673,000**	**$ 22,464,000**
The amounts that may be spent for each purpose are specified in the following subdivisions.			The amounts that may be spent for each purpose are specified in the following subdivisions.		
Subd. 2. **Operations and Programs**	22,515,000	22,955,000	Subd. 2. **Operations and Programs**	22,160,000	22,160,000
The base is $22,322,000 per year for the fiscal years 2018-2019 biennium. Increased funding in fiscal years 2016 and 2017 is for the following purposes:					
(1) $430,000 the first year and $870,000 the second year to provide capacity to continue to deliver history programs and services across Minnesota. The base is $487,000 per year for the fiscal years 2018-2019 biennium;					
(2) $500,000 the first year and $500,000 the second year for digital preservation and access, including planning and implementation of a program to preserve and make available resources related to Minnesota history; and			$750,000 the first year and $750,000 the second year are for digital preservation and access, including planning and implementation of a program to preserve and make available resources related to Minnesota history.		
(3) $250,000 the first year and $250,000 the second year for activities to enhance educational achievement through history education to be delivered statewide, in conjunction with historic sites. This is a onetime appropriation.			$75,000 the first year and $75,000 the second year are for activities to enhance educational achievement through history education.		
Notwithstanding Minnesota Statutes, section 138.668, the Minnesota Historical Society may not charge a fee for its general tours at the Capitol, but may charge fees for special programs other than general tours.			Notwithstanding Minnesota Statutes, section 138.668, the Minnesota Historical Society may not charge a fee for its general tours at the Capitol, but may charge fees for special programs other than general tours.		
Subd. 3. **Fiscal Agent**			Subd. 3. **Fiscal Agent**		

Senate Language S0888-3			House Language UES0888-2		
(a) Minnesota International Center	39,000	39,000	(a) Minnesota International Center	39,000	39,000
(b) Minnesota Air National Guard Museum	17,000	17,000	(b) Minnesota Air National Guard Museum	34,000	-0-
(c) Minnesota Military Museum	100,000	100,000	(c) Minnesota Military Museum	150,000	50,000
$50,000 in fiscal year 2016 and $50,000 in fiscal year 2017 are for an archivist position. This is a onetime appropriation and available until June 30, 2017.					
(d) Farmamerica	315,000	115,000	(d) Farmamerica	190,000	115,000
$200,000 in fiscal year 2016 is for a grant to Farmamerica, the Minnesota agriculture interpretive center, for capital improvements.					
(e) Hockey Hall of Fame	100,000	100,000	(e) Hockey Hall of Fame	100,000	100,000
Balances Forward. Any unencumbered balance remaining in this subdivision the first year does not cancel but is available for the second year of the biennium.			**Balances Forward.** Any unencumbered balance remaining in this subdivision the first year does not cancel but is available for the second year of the biennium.		
			Subd. 4. **Appropriation Limit**		
			Notwithstanding Minnesota Statutes, section 290.0681, subdivision 7, paragraph (b), the fiscal year 2016 appropriation for grants in lieu of credit for historic structure rehabilitation is $457,000.		
Sec. 24. **BOARD OF THE ARTS**			Sec. 24. **BOARD OF THE ARTS**		
Subdivision 1. **Total Appropriation**	**$ 7,522,000**	**$ 7,530,000**	Subdivision 1. **Total Appropriation**	**$ 7,514,000**	**$ 7,514,000**
The amounts that may be spent for each purpose are specified in the following subdivisions.			The amounts that may be spent for each purpose are specified in the following subdivisions.		

Senate Language S0888-3			House Language UES0888-2		
Subd. 2. **Operations and Services**	583,000	591,000	Subd. 2. **Operations and Services**	575,000	575,000
Subd. 3. **Grants Program**	4,800,000	4,800,000	Subd. 3. **Grants Program**	4,800,000	4,800,000
Subd. 4. **Regional Arts Councils**	2,139,000	2,139,000	Subd. 4. **Regional Arts Councils**	2,139,000	2,139,000
Unencumbered Balance Available. Any unencumbered balance remaining in this section the first year does not cancel, but is available for the second year of the biennium.			**Unencumbered Balance Available.** Any unencumbered balance remaining in this section the first year does not cancel, but is available for the second year of the biennium.		
Projects located in Minnesota; travel restriction. Money appropriated in this section and distributed as grants may only be spent on projects located in Minnesota. A recipient of a grant funded by an appropriation in this section must not use more than ten percent of the total grant for costs related to travel outside the state of Minnesota.			**Projects located in Minnesota; travel restriction.** Money appropriated in this section and distributed as grants may only be spent on projects located in Minnesota. A recipient of a grant funded by an appropriation in this section must not use more than ten percent of the total grant for costs related to travel outside the state of Minnesota.		
Sec. 25. **MINNESOTA HUMANITIES CENTER**	**$ 350,000**	**$ 350,000**	Sec. 25. **MINNESOTA HUMANITIES CENTER**	**$ 1,100,000**	**$ 850,000**
			$250,000 the first year is for a grant to Everybody Wins!-Minnesota, a Minnesota 501(c)(3) corporation, to operate a reading program for Minnesota children. Any balance in the first year does not cancel but is available in the second year.		

Senate Language S0888-3			House Language UES0888-2		
			$250,000 the first year and $250,000 the second year are for a grant to the Minnesota Council on Economic Education to provide staff development to teachers for the implementation of the state graduation standards in learning areas relating to economic education. This is a onetime appropriation. The commissioner, in consultation with the council, shall develop expected results of staff development, eligibility criteria for participants, an evaluation procedure, and guidelines for direct and in-kind contributions by the council. This appropriation does not cancel, but is available until expended.		
			$250,000 in fiscal year 2016 and $250,000 in fiscal year 2017 are for the healthy eating, here at home program under Minnesota Statutes, section 138.912. No more than three percent of the appropriation may be used for the nonprofit administration of the grant program under Minnesota Statutes, section 138.912.		
Sec. 26. **BOARD OF ACCOUNTANCY**	**$ 639,000**	**$ 641,000**	Sec. 26. **BOARD OF ACCOUNTANCY**	**$ 628,000**	**$ 618,000**
Sec. 27. **BOARD OF ARCHITECTURE ENGINEERING, LAND SURVEYING, LANDSCAPE ARCHITECTURE, GEOSCIENCE, AND INTERIOR DESIGN**	**$ 784,000**	**$ 794,000**	Sec. 27. **BOARD OF ARCHITECTURE ENGINEERING, LAND SURVEYING, LANDSCAPE ARCHITECTURE, GEOSCIENCE, AND INTERIOR DESIGN**	**$ 774,000**	**$ 774,000**
Sec. 28. **BOARD OF COSMETOLOGIST EXAMINERS**	**$ 2,565,000**	**$ 2,584,000**	Sec. 28. **BOARD OF COSMETOLOGIST EXAMINERS**	**$ 1,346,000**	**$ 1,346,000**
Sec. 29. **BOARD OF BARBER EXAMINERS**	**$ 321,000**	**$ 325,000**	Sec. 29. **BOARD OF BARBER EXAMINERS**	**$ 317,000**	**$ 317,000**
			Sec. 30. **HUMAN RIGHTS.**	**$ 3,505,000**	**$ 3,505,000**

Senate Language S0888-3

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

Appropriations by Fund

	2016	2017
General	500,000	-0-
State Government Special Revenue	400,000	400,000
Workers' Compensation	100,000	100,000

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

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

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

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

House Language UES0888-2

$80,000 each year is for operation of an office in St. Cloud.

Sec. 31. **GENERAL CONTINGENT ACCOUNTS** $ **750,000** $ **500,000**

Appropriations by Fund

	2016	2017
General	250,000	-0-
State Government Special Revenue	400,000	400,000
Workers' Compensation	100,000	100,000

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

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

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

Sec. 32. **TORT CLAIMS** $ **161,000** $ **161,000**

Senate Language S0888-3

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

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

Subdivision 1. **Total Appropriation**	**$**	**6,552,000**	**$**	**8,936,000**

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

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

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

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

Sec. 33. **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**	**$**	**16,000,000**	**$**	**16,000,000**

General employees retirement plan of the Public Employees Retirement Association relating to the merged former MERF division.

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

Sec. 34. **TEACHERS RETIREMENT ASSOCIATION**	**$**	**29,831,000**	**$**	**29,831,000**

The amounts estimated to be needed are as follows:

House Language UES0888-2

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

Sec. 33. **MINNESOTA STATE RETIREMENT SYSTEM**	**$**	**6,552,000**	**$**	**8,936,000**

These amounts are estimated to be needed under Minnesota Statutes, sections 3A.03, subdivision 2; 3A.04, subdivisions 3 and 4; and 3A.115 for the Combined Legislators and Constitutional Officers Retirement Plan.

Sec. 34. **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**	**$**	**6,000,000**	**$**	**6,000,000**

Notwithstanding Minnesota Statutes, section 353.505, the state payments to the Public Employees Retirement Association on behalf of the former MERF division account are $6,000,000 on September 15, 2015 and $6,000,000 on September 15, 2016.

Sec. 35. **TEACHERS RETIREMENT ASSOCIATION**	**$**	**29,831,000**	**$**	**29,831,000**

The amounts estimated to be needed are as follows:

Senate Language S0888-3

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

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

Sec. 35. **ST. PAUL TEACHERS RETIREMENT FUND** $ 9,827,000 $ 9,827,000

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

Sec. 36. **MILITARY AFFAIRS**

Subdivision 1. **Total Appropriation** $ 20,868,000 $ 20,868,000

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

Subd. 2. **Maintenance of Training Facilities** 9,661,000 9,661,000

Subd. 3. **General Support** 4,319,000 4,319,000

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

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

House Language UES0888-2

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

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

Sec. 36. **ST. PAUL TEACHERS RETIREMENT FUND** $ 9,827,000 $ 9,827,000

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

Sec. 37. **MILITARY AFFAIRS**

Subdivision 1. **Total Appropriation** $ 19,368,000 $ 19,368,000

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

Subd. 2. **Maintenance of Training Facilities** 9,661,000 9,661,000

Subd. 3. **General Support** 2,819,000 2,819,000

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

Senate Language S0888-3

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

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

Sec. 37. **VETERANS AFFAIRS**

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

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

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

House Language UES0888-2

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

Of the funds carried forward from fiscal year 2015 to fiscal year 2016, in the enlistment incentives appropriation, $100,000 is canceled to the general fund to support the appropriation to the Minnesota Historical Society for a grant to the Minnesota Military Museum. $1,000,000 is canceled to the general fund to support the appropriation to the Department of Veterans Affairs for repair and betterment of the Minnesota veterans homes.

Sec. 38. **VETERANS AFFAIRS**

Subdivision 1. **Total Appropriation**	**$**	**65,254,000**	**$**	**67,360,000**

Appropriations by Fund

	2016	2017
General Fund	63,253,000	63,253,000
Special Revenue	2,001,000	4,107,000

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

Subd. 2. **Veterans Services**	16,240,000	16,240,000

Senate Language S0888-3

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

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

Minnesota Assistance Council for Veterans. $750,000 each year is for a grant to the Minnesota Assistance Council for Veterans to provide assistance throughout Minnesota to veterans and their families who are homeless or in danger of homelessness, including assistance with the following:

(1) utilities;

(2) employment; and

(3) legal issues.

The assistance authorized under this paragraph must be made only to veterans who have resided in Minnesota for 30 days prior to application for assistance and according to other guidelines established by the commissioner. In order to avoid duplication of services, the commissioner must ensure that this assistance is coordinated with all other available programs for veterans.

House Language UES0888-2

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

Minnesota Assistance Council for Veterans. $750,000 each year is for a grant to the Minnesota Assistance Council for Veterans to provide assistance throughout Minnesota to veterans and their families who are homeless or in danger of homelessness, including assistance with the following:

(1) utilities;

(2) employment; and

(3) legal issues.

The assistance authorized under this paragraph must be made only to veterans who have resided in Minnesota for 30 days prior to application for assistance and according to other guidelines established by the commissioner. In order to avoid duplication of services, the commissioner must ensure that this assistance is coordinated with all other available programs for veterans.

Senate Language S0888-3

Honor Guards. $200,000 each year is for compensation for honor guards at the funerals of veterans under Minnesota Statutes, section 197.231. This amount is added to the program's base funding.

Minnesota GI Bill. $200,000 each year is for the costs of administering the Minnesota GI Bill postsecondary educational benefits, on-the-job training, and apprenticeship program under Minnesota Statutes, section 197.791. Of this amount, $100,000 is for transfer to the Office of Higher Education.

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

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

Subd. 3. **Veterans Homes**	49,102,000	51,230,000

House Language UES0888-2

Honor Guards. $200,000 each year is for compensation for honor guards at the funerals of veterans under Minnesota Statutes, section 197.231. This amount is added to the program's base funding.

Minnesota GI Bill. $200,000 each year is for the costs of administering the Minnesota GI Bill postsecondary educational benefits, on-the-job training, and apprenticeship program under Minnesota Statutes, section 197.791. Of this amount, $100,000 is for transfer to the Office of Higher Education.

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

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

Subd. 3. **Veterans Homes**	49,014,000	51,120,000

Appropriations by Fund

	2016	2017
General Fund	47,013,000	47,013,000
Special Revenue	2,001,000	4,107,000

Senate Language S0888-3

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

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

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

Maximize Federal Reimbursements. The department will seek opportunities to maximize federal reimbursements of Medicare-eligible expenses and will provide annual reports to the commissioner of management and budget on the federal Medicare reimbursements received. Contingent upon future federal Medicare receipts, reductions to the homes' general fund appropriation may be made.

Sec. 38. **APPROPRIATION CANCELLATIONS**

House Language UES0888-2

The general fund base in fiscal years 2018 and 2019 for veterans homes is $51,120,000 each year.

Veterans Homes Special Revenue Account. $6,108,000 is transferred from the state employee group insurance program trust fund to the veterans home special revenue account in the special revenue fund. The general fund appropriations made to the department may be transferred to a veterans homes special revenue account in the special revenue fund in the same manner as other receipts are deposited according to Minnesota Statutes, section 198.34. Amounts in the account are appropriated to the department for the operation of veterans homes facilities and programs.

Senate Language S0888-3

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

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

ARTICLE 2
STATE GOVERNMENT OPERATIONS

House Language UES0888-2

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

Sec. 39. **ETHNIC COUNCILS ACCOUNT.**

The following amounts are deposited in the ethnic councils account in the special revenue fund:

(1) $ 2,201,000 which is transferred from the state employee group insurance trust fund;

(2) $871,000 which is transferred from the state elections campaign fund; and

(3) $294,000 from the appropriation related to health insurance transparency in Laws 2014, chapter 312, article 21, section 4, paragraph (a), is canceled to the general fund and transferred to the special revenue fund, effective the day following final enactment of this section.

ARTICLE 2
STATE GOVERNMENT

Section 1. **[2.92] DISTRICTING PRINCIPLES.**

Subdivision 1. **Applicability; constitutional duty of legislature.** (a) The principles in this section apply to legislative and congressional districts.

(b) Notwithstanding any laws to the contrary, legislative and congressional districts must be drawn by the legislature, consistent with the requirements of the Minnesota Constitution, article IV, section 3. The legislature may not delegate its duty to draw districts to any commission, council, panel, or other entity that is not comprised solely of members of the legislature.

Subd. 2. **Nesting.** A representative district may not be divided in the formation of a senate district.

Subd. 3. **Equal population.** (a) Legislative districts must be substantially equal in population. The population of a legislative district must not deviate from the ideal by more than 0.5 percent, plus or minus.

(b) Congressional districts must be as nearly equal in population as practicable.

Subd. 4. **Contiguity; compactness.** The districts must be composed of convenient contiguous territory. To the extent consistent with the other principles in this section, districts should be compact. Contiguity by water is sufficient if the water is not a serious obstacle to travel within the district. Point contiguity is not sufficient.

Subd. 5. **Numbering.** (a) Legislative districts must be numbered in a regular series, beginning with house district 1A in the northwest corner of the state and proceeding across the state from west to east, north to south, but bypassing the 11-county metropolitan area until the southeast corner has been reached; then to the 11-county metropolitan area outside the cities of Minneapolis and St. Paul; then in Minneapolis and St. Paul.

(b) Congressional district numbers must begin with district one in the southeast corner of the state and end with district eight in the northeast corner of the state.

Subd. 6. **Minority representation.** (a) The dilution of racial or ethnic minority voting strength is contrary to the laws of the United States and the state of Minnesota. These principles must not be construed to supersede any provision of the Voting Rights Act of 1965, as amended.

(b) A redistricting plan must not have the intent or effect of dispersing or concentrating minority population in a manner that prevents minority communities from electing their candidates of choice.

Subd. 7. **Minor civil divisions.** (a) A county, city, or town must not be unduly divided unless required to meet equal population requirements or to form districts composed of convenient, contiguous territory.

(b) A county, city, or town is not unduly divided in the formation of a legislative or congressional district if:

(1) the division occurs because a portion of a city or town is noncontiguous with another portion of the same city or town; or

(2) despite the division, the known population of any affected county, city, or town remains wholly located within a single district.

Subd. 8. **Preserving communities of interest.** (a) Districts should attempt to preserve identifiable communities of interest where that can be done in compliance with the principles under this section.

(b) For purposes of this subdivision, "communities of interest" means recognizable areas with similarities of interests including, but not limited to, racial, ethnic, geographic, social, or cultural interests.

Senate Language S0888-3

House Language UES0888-2

Section 1. Minnesota Statutes 2014, section 3.8843, subdivision 5, is amended to read:

Subd. 5. **Staff.** Legislative staff must provide administrative and research assistance to the commission. The Legislative Coordinating Commission may, if funding is available, appoint staff to provide research assistance.

Subd. 9. **Data to be used.** (a) The geographic areas and population counts used in maps, tables, and legal descriptions of the districts must be those used by the Geographic Information Systems Office of the Legislative Coordinating Commission. The population counts will be the block population counts provided to the state under Public Law 94-171 after each decennial census, subject to correction of any errors acknowledged by the United States Census Bureau.

(b) Nothing in this subdivision prohibits the use of additional data, as determined by the legislature.

Subd. 10. **Consideration of plans.** A redistricting plan must not be considered for adoption by the senate or house of representatives until a block equivalency file showing the district to which each census block has been assigned, in a form prescribed by the director of the Geographic Information Systems Office, has been filed with the director.

Subd. 11. **Priority of principles.** Where it is not possible to fully comply with the principles contained in subdivisions 1 to 8, a redistricting plan must give priority to those principles in the order in which they are listed in this section, except to the extent that doing so would violate federal or state law.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any plan for districts enacted or established for use on or after that date.

Sec. 2. Minnesota Statutes 2014, section 3.971, is amended by adding a subdivision to read:

Subd. 8a. **Fiscal notes and revenue estimates.** The legislative auditor shall participate in the fiscal note and revenue estimate process in the manner described in section 3.98. Authority of the legislative auditor and duties of employees and entities under section 3.978, subdivision 2, apply to the legislative auditor's work on fiscal notes and revenue estimates.

Sec. 3. **[3.9735] EVALUATION OF ECONOMIC DEVELOPMENT INCENTIVE PROGRAMS.**

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

Senate Language S0888-3

House Language UES0888-2

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

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

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

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

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

Sec. 2. **[3.9799] SENATE BUILDING APPROPRIATIONS.**

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

Senate Language S0888-3

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

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

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

House Language UES0888-2

Sec. 4. Minnesota Statutes 2014, section 3.98, is amended to read:

3.98 FISCAL NOTES AND REVENUE ESTIMATES.

Subdivision 1. **Preparation.** ~~The head or chief administrative officer of each department or agency of the state government, including the Supreme Court, shall prepare a fiscal note at the request of the chair of the standing committee to which a bill has been referred, or the chair of the house of representatives Ways and Means Committee, or the chair of the senate Committee on Finance.~~

~~For purposes of this subdivision, "Supreme Court" includes all agencies, committees, and commissions supervised or appointed by the state Supreme Court or the state court administrator.~~ (a) The chair of the standing committee to which a bill has been referred, the chair of the house of representatives Ways and Means Committee, and the chair of the senate Committee on Finance may request a fiscal note. The chair of the house of representatives or senate tax committee may request a revenue estimate. A request for a fiscal note or revenue estimate must be filed with the legislative auditor.

Senate Language S0888-3

House Language UES0888-2

(b) Upon receiving a request for a fiscal note or revenue estimate, the legislative auditor shall request appropriate agencies, offices, boards, or commissions in the executive, judicial, or legislative branch to provide the legislative auditor with an analysis of the financial and personnel impacts of the bill. The analysis must include a clear statement of the assumptions used in the analysis and the extent to which alternative assumptions were considered. Agencies, offices, boards, or commissions shall, after receiving a request from the legislative auditor, submit the analysis in the time and manner requested by the auditor. The legislative auditor may require agencies, offices, boards, or commissions to use the fiscal note tracking system developed and maintained by the commissioner of management and budget for submitting fiscal note information and analysis.

(c) The legislative auditor shall review the analysis submitted by agencies, offices, boards, or commissions and assess the reasonableness of the analysis, particularly the reasonableness of the assumptions used in the analysis. The auditor may require agencies, offices, boards, or commissions to resubmit their analysis under new assumptions or calculation parameters as defined by the auditor.

(d) When the legislative auditor accepts the final analysis from all relevant agencies, offices, boards, or commissions, the legislative auditor shall deliver the completed fiscal note or revenue estimate. The note or estimate must contain the final analysis and assumptions submitted to the legislative auditor by agencies, offices, boards, or commissions, and a statement by the legislative auditor as to whether the legislative auditor agrees with the final analysis and assumptions. The auditor must state the reasons for any disagreements and may offer alternative analysis and assumptions for consideration by the legislature. If the legislative auditor deems these disagreements sufficiently large, the legislative auditor may submit an unofficial "unapproved" fiscal note to the legislature for public consideration of both the analysis of the agencies, offices, boards, or commissions, and of the legislative auditor.

Subd. 2. **Contents.** (a) ~~The~~ A fiscal note, where possible, shall:

(1) cite the effect in dollar amounts;

(2) cite the statutory provisions affected;

(3) estimate the increase or decrease in revenues or expenditures;

(4) include the costs which may be absorbed without additional funds;

(5) include the assumptions used in determining the cost estimates; and

(6) specify any long-range implication.

(b) ~~The~~ A revenue estimate must estimate the effect of a bill on state tax revenues.

(c) A fiscal note or revenue estimate may comment on technical or mechanical defects in the bill but shall express no opinions concerning the merits of the proposal.

Subd. 3. **Distribution.** A copy of ~~the~~ a fiscal note shall be delivered to the chair of the Ways and Means Committee of the house of representatives, the chair of the Finance Committee of the senate, the chair of the standing committee to which the bill has been referred, to the chief author of the bill and to the commissioner of management and budget. A copy of a revenue estimate shall be delivered to the chairs of the house of representatives and senate tax committees, to the chief author of the bill, and to the commissioner of revenue.

Subd. 4. **Uniform procedure.** The ~~commissioner of management and budget~~ legislative auditor shall prescribe a uniform procedure to govern the departments and agencies of the state in complying with the requirements of this section.

Subd. 5. **Tracking system.** The commissioner of management and budget shall provide the legislative auditor with manuals and other documentation requested by the auditor for the fiscal note tracking system that is maintained by the commissioner.

Sec. 5. Minnesota Statutes 2014, section 3.987, subdivision 1, is amended to read:

Subdivision 1. **Local impact notes.** The ~~commissioner of management and budget~~ legislative auditor shall coordinate the development of a local impact note for any proposed legislation ~~introduced after June 30, 1997,~~ upon request of the chair or the ranking minority member of either legislative Tax, Finance, or Ways and Means Committee. Upon receipt of a request to prepare a local impact note, the ~~commissioner~~ auditor must notify the authors of the proposed legislation that the request has been made. The local impact note must be made available to the public upon request. If the action is among the exceptions listed in section 3.988, a local impact note need not be requested nor prepared. The ~~commissioner~~ auditor shall make a reasonable and timely estimate of the local fiscal impact on each type of political subdivision that would result from the proposed legislation. The ~~commissioner of management and budget~~ auditor may require any political subdivision or the commissioner of an administrative agency of the state to supply in a timely manner any information determined to be necessary to determine local fiscal impact. The political subdivision, its representative association, or commissioner shall convey the requested information to the ~~commissioner of management and budget~~ auditor with a signed statement to the effect that the information is accurate and complete to the best of its ability. The political subdivision, its representative association, or commissioner, when requested, shall update its determination of local fiscal impact based on actual cost or revenue figures, improved estimates, or both. Upon completion of the note, the ~~commissioner~~ auditor must provide a copy to the authors of the proposed legislation and to the chair and ranking minority member of each committee to which the proposed legislation is referred.

Sec. 6. **[6.481] COUNTY AUDITS.**

Senate Language S0888-3

House Language UES0888-2

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

Subd. 2. **Annual audit required.** A county must have an annual financial audit. A county may choose to have the audit performed by the state auditor, or may choose to have the audit performed by a CPA firm meeting the requirements of section 326A.05. The state auditor or a CPA firm may accept the records and audit of the Department of Human Services instead of examining county human service funds, if the audit of the Department of Human Services has been made within any period covered by the auditor's audit of other county records.

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

Subd. 4. **Audit availability; data.** A copy of the annual audit by the state auditor or by a CPA firm must be available for public inspection in the Office of the State Auditor and in the Office of the County Auditor. If an audit is performed by a CPA firm, data relating to the audit are subject to the same data classifications that apply under section 6.715. A CPA firm conducting a county audit must provide access to data relating to the audit and is liable for unlawful disclosure of the data as if it were a government entity under chapter 13.

Subd. 5. **Reporting.** If an audit conducted by the state auditor or a CPA firm discloses malfeasance, misfeasance, or nonfeasance, the auditor must report this to the county attorney, who shall institute civil and criminal proceedings as the law and the protection of the public interests requires.

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

Subd. 7. **Procedures for change of auditor.** A county that plans to change to or from the state auditor and a CPA firm must notify the state auditor of this change by August 1 of an even-numbered year. Upon this notice, the following calendar year will be the first year's records that will be subject to an audit by the new entity. A county that changes to or from the state auditor must have two annual audits done by the new entity.

Sec. 7. Minnesota Statutes 2014, section 10.43, is amended to read:

10.43 TELEPHONE USE; APPROVAL.

(a) Each representative, senator, constitutional officer, judge, and head of a state department or agency shall sign the person's monthly long-distance telephone bills paid by the state as evidence of the person's approval of each bill. This signature requirement does not apply to a month in which the person's long-distance phone bill paid by the state is less than $5.

(b) Even if the monthly long-distance phone bill paid by the state for a person subject to this section is less than $5, the person is responsible for paying that portion of the bill that does not relate to state business. As provided in section 10.46, long-distance telephone bills paid by the state are public data, regardless of the amount of the bills.

EFFECTIVE DATE. This section is effective for telephone bills for usage on or after July 1, 2015.

Sec. 8. Minnesota Statutes 2014, section 10A.01, subdivision 26, is amended to read:

Subd. 26. **Noncampaign disbursement.** "Noncampaign disbursement" means a purchase or payment of money or anything of value made, or an advance of credit incurred, or a donation in kind received, by a principal campaign committee for any of the following purposes:

(1) payment for accounting and legal services;

(2) return of a contribution to the source;

(3) repayment of a loan made to the principal campaign committee by that committee;

(4) ~~return of a public subsidy;~~

~~(5)~~ payment for food, beverages, and necessary utensils and supplies, entertainment, and facility rental for a fund-raising event;

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~~(6)~~ (5) services for a constituent by a member of the legislature or a constitutional officer in the executive branch, including the costs of preparing and distributing a suggestion or idea solicitation to constituents, performed from the beginning of the term of office to adjournment sine die of the legislature in the election year for the office held, and half the cost of services for a constituent by a member of the legislature or a constitutional officer in the executive branch performed from adjournment sine die to 60 days after adjournment sine die;

~~(7)~~ (6) payment for food and beverages consumed by a candidate or volunteers while they are engaged in campaign activities;

~~(8)~~ (7) payment for food or a beverage consumed while attending a reception or meeting directly related to legislative duties;

~~(9)~~ (8) payment of expenses incurred by elected or appointed leaders of a legislative caucus in carrying out their leadership responsibilities;

~~(10)~~ (9) payment by a principal campaign committee of the candidate's expenses for serving in public office, other than for personal uses;

~~(11)~~ (10) costs of child care for the candidate's children when campaigning;

~~(12)~~ (11) fees paid to attend a campaign school;

~~(13)~~ (12) costs of a postelection party during the election year when a candidate's name will no longer appear on a ballot or the general election is concluded, whichever occurs first;

~~(14)~~ (13) interest on loans paid by a principal campaign committee on outstanding loans;

~~(15)~~ (14) filing fees;

~~(16)~~ (15) post-general election holiday or seasonal cards, thank-you notes, or advertisements in the news media mailed or published prior to the end of the election cycle;

~~(17)~~ (16) the cost of campaign material purchased to replace defective campaign material, if the defective material is destroyed without being used;

~~(18)~~ (17) contributions to a party unit;

~~(19)~~ (18) payments for funeral gifts or memorials;

~~(20)~~ (19) the cost of a magnet less than six inches in diameter containing legislator contact information and distributed to constituents;

~~(21)~~ (20) costs associated with a candidate attending a political party state or national convention in this state;

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~~(22)~~ (21) other purchases or payments specified in board rules or advisory opinions as being for any purpose other than to influence the nomination or election of a candidate or to promote or defeat a ballot question; and

~~(23)~~ (22) costs paid to a third party for processing contributions made by a credit card, debit card, or electronic check.

The board must determine whether an activity involves a noncampaign disbursement within the meaning of this subdivision.

A noncampaign disbursement is considered to be made in the year in which the candidate made the purchase of goods or services or incurred an obligation to pay for goods or services.

EFFECTIVE DATE. This section is effective July 1, 2015, and applies to elections held on or after that date.

Sec. 9. Minnesota Statutes 2014, section 10A.105, subdivision 1, is amended to read:

Subdivision 1. **Single committee.** A candidate must not accept contributions from a source, other than self, in aggregate in excess of $750 ~~or accept a public subsidy~~ unless the candidate designates and causes to be formed a single principal campaign committee for each office sought. A candidate may not authorize, designate, or cause to be formed any other political committee bearing the candidate's name or title or otherwise operating under the direct or indirect control of the candidate. However, a candidate may be involved in the direct or indirect control of a party unit.

EFFECTIVE DATE. This section is effective July 1, 2015, and applies to elections held on or after that date.

Sec. 10. Minnesota Statutes 2014, section 10A.15, subdivision 1, is amended to read:

Subdivision 1. **Anonymous contributions.** A political committee, political fund, principal campaign committee, or party unit may not retain an anonymous contribution in excess of $20, but must forward it to the board for deposit in the general ~~account of the state elections campaign account~~ fund.

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

Sec. 11. Minnesota Statutes 2014, section 10A.245, subdivision 2, is amended to read:

Subd. 2. **Termination by board.** The board may terminate the registration of a principal campaign committee, party unit, political committee, or political fund found to be inactive under this section 60 days after sending written notice of inactivity by certified mail to the affected association at the last address on record with the board for that association. Within 60 days after the board sends notice under this section, the affected association must dispose of its assets as provided in this subdivision. The assets of the principal campaign committee, party unit, or political committee must be used for the purposes authorized by this chapter or section 211B.12 or must be liquidated and deposited in the general ~~account of the state elections campaign account~~ fund. The assets of an association's political fund that were derived from the association's general treasury money revert to the association's general treasury. Assets of a political fund that resulted from contributions to the political fund must be used for the purposes authorized by this chapter or section 211B.12 or must be liquidated and deposited in the general ~~account of the state elections campaign account~~ fund.

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

Sec. 12. Minnesota Statutes 2014, section 10A.257, subdivision 1, is amended to read:

Subdivision 1. **Unused funds.** For election cycles ending on or before December 31, 2016, after all campaign expenditures and noncampaign disbursements for an election cycle have been made, an amount up to 25 percent of the 2014 election cycle expenditure limit for the office may be carried forward. Any remaining amount up to the total amount of the 2014 public subsidy from the state elections campaign fund must be returned to the state treasury for credit to the general fund under section 10A.324. Any remaining amount in excess of the 2014 total public subsidy must be contributed to the state elections campaign account or a political party for multicandidate expenditures as defined in section 10A.275.

EFFECTIVE DATE. This section is effective July 1, 2015, and applies to elections held on or after that date.

Sec. 13. Minnesota Statutes 2014, section 10A.38, is amended to read:

10A.38 CAPTIONING OF CAMPAIGN ADVERTISEMENTS.

(a) ~~This section applies to a campaign advertisement by a candidate who is governed by an agreement under section 10A.322.~~

~~(b)~~ "Campaign advertisement" means a professionally produced visual or audio recording of two minutes or less produced by the candidate for the purpose of influencing the nomination or election of a candidate.

~~(c)~~ (b) A campaign advertisement that is disseminated as an advertisement by broadcast or cable television must include closed captioning for deaf and hard-of-hearing viewers, unless the candidate has filed with the board before the advertisement is disseminated a statement setting forth the reasons for not doing so. A campaign advertisement that is disseminated as an advertisement to the public on the candidate's Web site must include closed captioning for deaf and hard-of-hearing viewers, unless the candidate has posted on the Web site a transcript of the spoken content of the advertisement or the candidate has filed with the board before the advertisement is disseminated a statement setting forth the reasons for not doing so. A campaign advertisement must not be disseminated as an advertisement by radio unless the candidate has posted on the candidate's Web site a transcript of the spoken content of the advertisement or the candidate has filed with the board before the advertisement is disseminated a statement setting forth the reasons for not doing so.

Sec. 14. Minnesota Statutes 2014, section 14.02, is amended by adding a subdivision to read:

Subd. 5. **Substantial economic impact.** A rule has a "substantial economic impact" if the rule would result in, or likely result in:

(1) an adverse effect or impact on the private-sector economy of the state of Minnesota of $5,000,000 or more in a single year;

(2) a significant increase in costs or prices for consumers, individual private-sector industries, state agencies, local governments, individuals, or private-sector enterprises within certain geographic regions inside the state of Minnesota;

(3) significant adverse impacts on the competitiveness of private-sector Minnesota-based enterprises or on private-sector employment, investment, productivity, or innovation within the state of Minnesota; or

(4) compliance costs, in the first year after the rule takes effect, of more than $25,000 for any one business that has less than 50 full-time employees, or for any one statutory or home rule charter city that has less than ten full-time employees.

Sec. 15. Minnesota Statutes 2014, section 14.05, subdivision 1, is amended to read:

Subdivision 1. **Authority to adopt original rules restricted.** (a) Each agency shall adopt, amend, suspend, or repeal its rules: (1) in accordance with the procedures specified in sections 14.001 to 14.69~~, and~~; (2) only pursuant to authority delegated by state or federal law; and (3) in full compliance with its duties and obligations.

(b) If a law authorizing rules is repealed, the rules adopted pursuant to that law are automatically repealed on the effective date of the law's repeal unless there is another law authorizing the rules.

(c) Except as provided in section 14.06, sections 14.001 to 14.69 shall not be authority for an agency to adopt, amend, suspend, or repeal rules.

Senate Language S0888-3

House Language UES0888-2

Sec. 16. Minnesota Statutes 2014, section 14.05, subdivision 2, is amended to read:

Subd. 2. **Authority to modify proposed rule.** (a) An agency may modify a proposed rule in accordance with the procedures of the Administrative Procedure Act. However, an agency may not modify a proposed rule so that it is substantially different from the proposed rule in the notice of intent to adopt rules or notice of hearing.

(b) A modification does not make a proposed rule substantially different if:

(1) the differences are within the scope of the matter announced in the notice of intent to adopt or notice of hearing and are in character with the issues raised in that notice;

(2) the differences are a logical outgrowth of the contents of the notice of intent to adopt or notice of hearing and the comments submitted in response to the notice; and

(3) the notice of intent to adopt or notice of hearing provided fair warning that the outcome of that rulemaking proceeding could be the rule in question.

(c) In determining whether the notice of intent to adopt or notice of hearing provided fair warning that the outcome of that rulemaking proceeding could be the rule in question the following factors must be considered:

(1) the extent to which persons who will be affected by the rule should have understood that the rulemaking proceeding on which it is based could affect their interests;

(2) the extent to which the subject matter of the rule or issues determined by the rule are different from the subject matter or issues contained in the notice of intent to adopt or notice of hearing; and

(3) the extent to which the effects of the rule differ from the effects of the proposed rule contained in the notice of intent to adopt or notice of hearing.

(d) A modification makes a proposed rule substantially different if the modification causes a rule that did not previously have a substantial economic impact to have a substantial economic impact.

Sec. 17. Minnesota Statutes 2014, section 14.116, is amended to read:

14.116 NOTICE TO LEGISLATURE.

(a) By January 15 each year, each agency must submit its rulemaking docket maintained under section 14.366, and the official rulemaking record required under section 14.365 for any rule adopted during the preceding calendar year, to the chairs and ranking minority members of the legislative policy and budget committees with jurisdiction over the subject matter of the proposed rule and to the Legislative Coordinating Commission. Each agency must post a link to its rulemaking docket on the agency Web site home page.

(b) When an agency mails notice of intent to adopt rules under section 14.14 or 14.22, the agency must send a copy of the same notice and a copy of the statement of need and reasonableness to the chairs and ranking minority party members of the legislative policy and budget committees with jurisdiction over the subject matter of the proposed rules and to the Legislative Coordinating Commission.

(c) In addition, if the mailing of the notice is within two years of the effective date of the law granting the agency authority to adopt the proposed rules, the agency shall make reasonable efforts to send a copy of the notice and the statement to all sitting legislators who were chief house of representatives and senate authors of the bill granting the rulemaking authority. If the bill was amended to include this rulemaking authority, the agency shall make reasonable efforts to send the notice and the statement to the chief house of representatives and senate authors of the amendment granting rulemaking authority, rather than to the chief authors of the bill.

Sec. 18. Minnesota Statutes 2014, section 14.127, is amended to read:

14.127 LEGISLATIVE APPROVAL REQUIRED.

Subdivision 1. ~~**Cost thresholds**~~ **Substantial economic impact.** An agency must determine if ~~the cost of complying with~~ a proposed rule ~~in the first year after the rule takes effect will exceed $25,000 for: (1) any one business that has less than 50 full-time employees; or (2) any one statutory or home rule charter city that has less than ten full-time employees. For purposes of this section, "business" means a business entity organized for profit or as a nonprofit, and includes an individual, partnership, corporation, joint venture, association, or cooperative~~ has a substantial economic impact, as defined in section 14.02, subdivision 5.

Subd. 2. **Agency determination.** An agency must make the determination required by subdivision 1 before the ~~close of the hearing record, or before the agency submits the record to the administrative law judge if there is no hearing~~ agency gives notice under section 14.14, 14.22, 14.225, or 14.389. ~~The administrative law judge must review and approve or disapprove the agency determination under this section.~~

Subd. 3. **Legislative approval required.** (a) If the agency determines that a proposed rule has a substantial economic impact, the agency must request the legislative auditor to convene a five-person peer review advisory panel to conduct an impact analysis of the proposed rule. Within 30 days of receipt of the agency's request, the legislative auditor shall convene a peer review advisory panel. The advisory panel must be made up of individuals who have not directly or indirectly been involved in the work conducted or contracted by the agency and who are not employed by the agency. The agency must pay each panel member for the costs of the person's service on the panel, as determined by the legislative auditor. The agency shall transfer an amount from the agency's operating budget to the legislative auditor to pay for costs for convening the peer review advisory panel process. The panel may receive written and oral comments from the public during its review. The panel must submit its report within 60 days of being convened. The agency must receive a final report from the panel before the agency conducts a public

hearing on a proposed rule or, if no hearing is held, before the rule is submitted to the administrative law judge. The panel's report must include its conclusions on the extent to which the proposed rule:

(1) is based on sound, reasonably available scientific, technical, economic, or other information or rationale; and

(2) is more restrictive than a standard, limitation, or requirement imposed by federal law or rule pertaining to the same subject matter.

(b) If the agency determines that a rule does not have a substantial economic impact, the administrative law judge must review this determination. If the administrative law judge determines that a rule may have a substantial economic impact, the agency must have the legislative auditor arrange for the analysis required by paragraph (a), and the agency must give new notice of intent to adopt the proposed rule after receiving this analysis. The administrative law judge may make this determination as part of the administrative law judge's report on the proposed rule, or at any earlier time after the administrative law judge is assigned to the rule proceeding.

(c) If the agency determines that the ~~cost exceeds the threshold in subdivision 1~~ proposed rule has a substantial economic impact, or if the administrative law judge disapproves the agency's determination that the ~~cost does~~ rule does not ~~exceed the threshold in subdivision 1, any business that has less than 50 full-time employees or any statutory or home rule charter city that has less than ten full-time employees may file a written statement with the agency claiming a temporary exemption from the rules. Upon filing of such a statement with the agency, the rules do not apply to that business or that city until the rules are~~ have a substantial economic impact, the agency or the administrative law judge shall deliver the determination and peer review advisory panel report to the Legislative Coordinating Commission and to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over the subject matter of the rule, and the proposed rule does not take effect until the rule is approved by a law enacted after the agency determination or administrative law judge disapproval.

Subd. 4. **Exceptions.** (a) ~~Subdivision 3 does not apply if the administrative law judge approves an agency's determination that the legislature has appropriated money to sufficiently fund the expected cost of the rule upon the business or city proposed to be regulated by the rule.~~

~~(b)~~ Subdivision 3 does not apply if the administrative law judge approves an agency's determination that the rule has been proposed pursuant to a specific federal statutory or regulatory mandate.

~~(c)~~ (b) This section does not apply if the rule is adopted under section 14.388 or under another law specifying that the rulemaking procedures of this chapter do not apply.

~~(d)~~ (c) This section does not apply to a rule adopted by the Public Utilities Commission.

~~(c) Subdivision 3 does not apply if the governor waives application of subdivision 3. The governor may issue a waiver at any time, either before or after the rule would take effect, but for the requirement of legislative approval. As soon as possible after issuing a waiver under this paragraph, the governor must send notice of the waiver to the speaker of the house and the president of the senate and must publish notice of this determination in the State Register.~~

Subd. 5. **Severability.** If an administrative law judge determines that part of a proposed rule ~~exceeds the threshold specified in subdivision 1~~ has a substantial economic impact, but that a severable portion of a proposed rule does not ~~exceed the threshold in subdivision 1~~ have a substantial economic impact, the administrative law judge may provide that the severable portion of the rule that does not ~~exceed the threshold~~ have a substantial economic impact may take effect without legislative approval.

Sec. 19. Minnesota Statutes 2014, section 14.131, is amended to read:

14.131 STATEMENT OF NEED AND REASONABLENESS.

By the date of the section 14.14, subdivision 1a, 14.22, or 14.225, notice, the agency must prepare, review, and make available for public review a statement of the need for and reasonableness of the rule. The statement of need and reasonableness must be prepared under rules adopted by the chief administrative law judge and must include the following to the extent the agency, through reasonable effort, can ascertain this information:

(1) a description of the classes of persons who probably will be affected by the proposed rule, including classes that will bear the costs of the proposed rule and classes that will benefit from the proposed rule;

(2) the probable costs to the agency and to any other agency of the implementation and enforcement of the proposed rule and any anticipated effect on state revenues;

(3) a determination of whether there are less costly methods or less intrusive methods for achieving the purpose of the proposed rule;

(4) a description of any alternative methods for achieving the purpose of the proposed rule that were seriously considered by the agency and the reasons why they were rejected in favor of the proposed rule;

(5) the probable costs of complying with the proposed rule, including the portion of the total costs that will be borne by identifiable categories of affected parties, such as separate classes of governmental units, businesses, or individuals;

(6) the probable costs or consequences of not adopting the proposed rule, including those costs or consequences borne by identifiable categories of affected parties, such as separate classes of government units, businesses, or individuals;

(7) an assessment of any differences between the proposed rule and existing federal regulations and a specific analysis of the need for and reasonableness of each difference; ~~and~~

(8) an assessment of the cumulative effect of the rule with other federal and state regulations related to the specific purpose of the rule~~.~~; and

(9) the agency's findings and conclusions that support its determination that the proposed rule does or does not have a substantial economic impact.

The statement must describe how the agency, in developing the rules, considered and implemented the legislative policy supporting performance-based regulatory systems set forth in section 14.002 in a cost-effective and timely manner.

For purposes of clause (8), "cumulative effect" means the impact that results from incremental impact of the proposed rule in addition to other rules, regardless of what state or federal agency has adopted the other rules. Cumulative effects can result from individually minor but collectively significant rules adopted over a period of time.

The statement must describe, with reasonable particularity, the scientific, technical, economic, or other information and rationale that supports the proposed rule.

The statement must also describe the agency's efforts to provide additional notification under section 14.14, subdivision 1a, to persons or classes of persons who may be affected by the proposed rule or must explain why these efforts were not made.

The agency must consult with the commissioner of management and budget to help evaluate the fiscal impact and fiscal benefits of the proposed rule on units of local government. The agency must send a copy of the statement of need and reasonableness to the Legislative Reference Library when the notice of hearing is mailed under section 14.14, subdivision 1a.

Sec. 20. Minnesota Statutes 2014, section 14.388, subdivision 2, is amended to read:

Subd. 2. **Notice.** An agency proposing to adopt, amend, or repeal a rule under this section must give notice to the chairs and ranking minority members of the legislative policy and budget committees with jurisdiction over the subject matter of the proposed rules and to the Legislative Coordinating Commission, must give electronic notice of its intent in accordance with section 16E.07, subdivision 3, and must give notice by United States mail or electronic mail to persons who have registered their names with the agency under section 14.14, subdivision 1a. The notice must be given no later than the date the agency submits the proposed rule to the Office of Administrative Hearings for review of its legality and must include:

(1) the proposed rule, amendment, or repeal;

(2) an explanation of why the rule meets the requirements of the good cause exemption under subdivision 1; and

(3) a statement that interested parties have five business days after the date of the notice to submit comments to the Office of Administrative Hearings.

Sec. 21. Minnesota Statutes 2014, section 14.389, subdivision 2, is amended to read:

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Subd. 2. **Notice and comment.** The agency must publish notice of the proposed rule in the State Register ~~and~~, must mail the notice by United States mail or electronic mail to persons who have registered with the agency to receive mailed notices, and must give notice to the chairs and ranking minority members of the legislative policy and budget committees with jurisdiction over the subject matter of the proposed rules and to the Legislative Coordinating Commission. The mailed notice and the notice to legislators must include either a copy of the proposed rule or a description of the nature and effect of the proposed rule and a statement that a free copy is available from the agency upon request. The notice in the State Register must include the proposed rule or the amended rule in the form required by the revisor under section 14.07, an easily readable and understandable summary of the overall nature and effect of the proposed rule, and a citation to the most specific statutory authority for the rule, including authority for the rule to be adopted under the process in this section. The agency must allow 30 days after publication in the State Register for comment on the rule.

Sec. 22. Minnesota Statutes 2014, section 14.44, is amended to read:

14.44 DETERMINATION OF VALIDITY OF RULE.

(a) The validity of any rule, or the validity of any agency policy, guideline, bulletin, criterion, manual standard, or similar pronouncement that the petitioner believes is a rule as defined in section 14.02, subdivision 4, may be determined upon the petition for a declaratory judgment thereon, addressed to the Court of Appeals, when it appears that the rule or pronouncement, or its threatened application, interferes with or impairs, or threatens to interfere with or impair the legal rights or privileges of the petitioner. The agency shall be made a party to the proceeding. The declaratory judgment may be rendered whether or not the petitioner has first requested the agency to pass upon the validity of the rule in question, whether or not the petitioner has petitioned the Office of Administrative Hearings under section 14.381, and whether or not the agency has commenced an action against the petitioner to enforce the rule.

(b) If the subject of the petition is an agency policy, guideline, bulletin, criterion, manual standard, or similar pronouncement, the agency must cease enforcement of the pronouncement upon filing of the petition until the Court of Appeals rules on the matter. The agency is liable for all costs associated with review of the petition. If the Court of Appeals rules in favor of the agency, the agency may recover all or a portion of the cost from the petitioner unless the petitioner is entitled to proceed in forma pauperis under section 563.01, or the court determines that the petition was brought in good faith or the assessment of the costs would constitute an undue hardship for the petitioner.

Sec. 23. Minnesota Statutes 2014, section 14.45, is amended to read:

14.45 RULE DECLARED INVALID.

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In proceedings under section 14.44, the court shall declare the rule or agency pronouncement invalid if it finds that it violates constitutional provisions or exceeds the statutory authority of the agency or if the rule was adopted or the pronouncement was improperly implemented without compliance with statutory rulemaking procedures. Any party to proceedings under section 14.44, including the agency, may appeal an adverse decision of the Court of Appeals to the Supreme Court as in other civil cases.

Sec. 24. **[15.0145] ETHNIC COUNCILS.**

Subdivision 1. **Three ethnic councils; creation.** (a) The Minnesota Council on Latino Affairs includes public members with an ethnic heritage from Mexico, any of the countries in Central or South America, Cuba, the Dominican Republic, or Puerto Rico.

(b) The Minnesota African Heritage Council includes public members of black African ancestry.

(c) The Council on Asian-Pacific Minnesotans includes public members with an ethnic heritage from any of the countries east of, and including, Afghanistan or the Pacific Islands.

Subd. 2. **Membership.** (a) Each council has 15 voting members. Eleven members of each council are public members appointed by the governor. Four members of each council are legislators.

(b) The governor shall appoint 11 members of each council as follows:

(1) the Minnesota Council on Latino Affairs must include one member representing each of the state's congressional districts and three members appointed at-large. The governor must attempt to ensure that the demographic composition of council members accurately reflects the demographic composition of Minnesota's Latino community, including recent immigrants, as determined by the state demographer;

(2) the Minnesota African Heritage Council must include members who are broadly representative of the African heritage community of the state. The council must include at least five females. At least three members must be first or second generation African immigrants, who generally reflect the demographic composition of these African immigrants, as determined by the state demographer; and

(3) the Council on Asian-Pacific Minnesotans must include one member from each of the five ancestries with the state's highest percentages of Asian-Pacific populations, as determined by the state demographer. The other six members must be broadly representative of the rest of the Asian-Pacific population, with no more than one council member from any one ancestry. For purposes of this clause, ancestry refers to heritage that is commonly accepted in Minnesota as a unique population.

(c) Four legislators are voting members of each council. The speaker of the house and the house minority leader shall each appoint one member to each council. The Subcommittee on Committees of the senate Committee on Rules and Administration shall appoint one member of the majority caucus and one member of the minority caucus to each council.

(d) The governor may appoint a commissioner of a state agency or a designee of that commissioner to serve as an ex-officio, nonvoting member of a council.

Subd. 3. **Appointments; terms; removal.** (a) In making appointments to a council, the governor shall consider an appointee's proven dedication and commitment to the council's community and any expertise possessed by the appointee that might be beneficial to the council, such as experience in public policy, legal affairs, social work, business, or management. The executive director of a council and legislative members may offer advice to the governor on applicants seeking appointment.

(b) Terms, compensation, and filling of vacancies for members appointed by the governor are as provided in section 15.059. Removal of members appointed by the governor is governed by section 15.059, except that: (1) a member who missed more than half of the council meetings convened during a 12-month period automatically is removed from the council; and (2) a member appointed by the governor may be removed by a vote of three of the four legislative members of the council. The chair of a council shall inform the governor of the need for the governor to fill a vacancy on the council. Legislative members serve at the pleasure of their appointing authority.

(c) A member appointed by the governor may serve no more than a total of eight years on a council. A legislator may serve no more than eight consecutive years or 12 nonconsecutive years on any one council.

Subd. 4. **Training; executive committee; meetings; support.** (a) A member appointed by the governor must attend orientation training within the first six months of service for each term. The commissioner of administration must arrange for the training to include but not be limited to the legislative process, government data practices, open meeting law, Robert's Rules of Order, fiscal management, and human resources. The governor must remove a member who does not complete the training.

(b) Each council shall annually elect from among the members appointed by the governor a chair and other officers it deems necessary. These officers and one legislative member selected by the council shall serve as the executive committee of the council.

(c) Forty percent of voting members of a council constitutes a quorum. A quorum is required to conduct council business. A council member may not vote on any action if the member has a conflict of interest under section 10A.07.

(d) Each council shall receive administrative support from the commissioner of administration under section 16B.371.

Subd. 5. **Executive director; staff.** (a) The Legislative Coordinating Commission must appoint an executive director for each council. The executive director must be experienced in administrative activities and familiar with the challenges and needs of the ethnic council's larger community. The executive director serves in the unclassified service at the pleasure of the Legislative Coordinating Commission.

(b) The Legislative Coordinating Commission must establish a process for recruiting and selecting applicants for the executive director positions. This process must include consultation and collaboration with the applicable council.

(c) The executive director and applicable council members must work together in fulfilling council duties. The executive director must consult with the commissioners of administration and management and budget to ensure appropriate financial, purchasing, human resources, and other services for operation of the council. The executive director must appoint and supervise the work of other staff necessary to carry out the duties of the council. The executive director and other council staff are executive branch employees.

Subd. 6. **Duties of council.** (a) A council must work for the implementation of economic, social, legal, and political equality for its constituency. The council shall work with the legislature and governor to carry out this work by performing the duties in this section.

(b) A council shall advise the governor and the legislature on issues confronting the constituency of the council. This may include, but is not limited to, presenting the results of surveys, studies, and community forums to the appropriate executive departments and legislative committees.

(c) A council shall advise the governor and the legislature of administrative and legislative changes needed to improve the economic and social condition of the constituency of the council. This may include but is not limited to working with legislators to develop politically feasible legislation to address these issues and to work for passage of the legislation. This may also include making recommendations regarding the state's affirmative action program and the state's targeted group small business program, or working with state agencies and organizations to develop business opportunities and promote economic development for the constituency of the council.

(d) A council shall advise the governor and the legislature of the implications and effect of proposed administrative and legislative changes on the constituency of the council. This may include but is not limited to tracking legislation, testifying as appropriate, and meeting with executive departments and legislators.

(e) A council shall serve as a liaison between state government and organizations that serve the constituency of the council. This may include but is not limited to working with these organizations to carry out the duties in paragraphs (a) to (d), and working with these organizations to develop informational programs or publications to involve and empower the constituency in seeking improvement in their economic and social conditions.

(f) A council shall perform or contract for the performance of studies designed to suggest solutions to the problems of the constituency of the council in the areas of education, employment, human rights, health, housing, social welfare, and other related areas.

(g) In carrying out duties under this subdivision, councils may act to advise on issues that affect the shared constituencies of more than one council.

Subd. 7. **Duties of council members.** A council member shall:

(1) attend and participate in scheduled meetings and be prepared by reviewing meeting notes;

(2) maintain and build communication with the community represented;

(3) collaborate with the council and executive director in carrying out the council's duties; and

(4) participate in activities the council or executive director deem appropriate and necessary to facilitate the goals and duties of the council.

Subd. 8. **Reports.** A council must report on the measurable outcomes achieved in the council's current strategic plan to meet its statutory duties, along with the specific objectives and outcome measures proposed for the following year. The council must submit the report by January 15 each year to the chairs of the committees in the house of representatives and the senate with primary jurisdiction over state government operations. Each report must cover the calendar year of the year before the report is submitted. The specific objectives and outcome measures for the following current year must focus on three or four achievable objectives, action steps, and measurable outcomes for which the council will be held accountable. The strategic plan may include other items that support the statutory purposes of the council but should not distract from the primary statutory proposals presented. The funding request of each council, after approval by the Legislative Coordinating Commission, must also be presented by February 1 in each odd-numbered year.

Sec. 25. **[16A.0565] CENTRALIZED TRACKING LIST OF AGENCY PROJECTS.**

Subdivision 1. **Centralized tracking.** The commissioner must maintain a centralized tracking list of new agency projects estimated to cost more than $100,000 that are paid for from the general fund.

Subd. 2. **New agency project.** (a) For purposes of this section a "new agency project" means:

(1) any new agency program or activity with more than $100,000 in funding from the general fund; and

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

16A.065 PREPAY SOFTWARE, SUBSCRIPTIONS, UNITED STATES DOCUMENTS.

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

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(2) any pre-existing agency program or activity with an increase of $100,000 or more above the base level in general fund support.

(b) For purposes of this section, a new agency project does not include:

(i) general aid programs for units of local government, or entitlement programs providing assistance to individuals; or

(ii) a new program or activity or increase in a program or activity that is mandated by law.

Subd. 3. **Transparency requirements.** The centralized tracking list maintained by the commissioner must report the following for each new agency project:

(1) name of the agency and title of the project;

(2) a brief description of the project and its purposes;

(3) the extent to which the project has been implemented; and

(4) the amount of money that has been spent on the project.

Subd. 4. **Timing and reporting.** The commissioner must display the information required by subdivision 3 on the department's Web site. The list shall be maintained in a widely available and common document format such as a spreadsheet, that does not require any new costs to develop. The commissioner must report this information to the chairs of the house of representatives Ways and Means Committee and senate Finance Committee quarterly, and must update the information on the Web site at least quarterly.

Sec. 26. Minnesota Statutes 2014, section 16A.065, is amended to read:

16A.065 PREPAY SOFTWARE, SUBSCRIPTIONS, UNITED STATES DOCUMENTS.

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

Sec. 27. Minnesota Statutes 2014, section 16A.103, is amended by adding a subdivision to read:

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Subd. 1h. **Revenue uncertainty information.** The commissioner shall report to the legislature within 14 days of a forecast under subdivision 1 on uncertainty in Minnesota's general fund revenue projections. The report shall present information on: (1) the estimated range of forecast error for revenues and (2) the data and methods used to construct those measurements.

Sec. 28. Minnesota Statutes 2014, section 16A.11, is amended by adding a subdivision to read:

Subd. 3d. **Consideration of general incentives.** In supplement to, and under the same deadline as, the governor's budget submission under subdivision 3, the commissioner shall submit a report identifying each general incentive for which an evaluation was completed under section 3.9735 in accordance with this section since the governor's previous budget submission. For each evaluated incentive, the commissioner's report shall include a recommendation for whether the incentive should be continued or modified, or whether the state would be better served by using other incentives or strategies to achieve the incentive's goals. The commissioner's report must include the rationale for each recommendation.

Sec. 29. Minnesota Statutes 2014, section 16A.11, is amended by adding a subdivision to read:

Subd. 3e. **Consideration of best practices for exclusive incentives.** If a new analysis of best practices for exclusive incentives under section 3.9735 has been completed since the governor's previous budget submission, the commissioner's report under subdivision 3d shall include recommendations for when and how Minnesota should offer and manage exclusive incentives in the future and how they should be structured. The commissioner's report must include the rationale for each recommendation.

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

16A.1283 LEGISLATIVE APPROVAL REQUIRED FOR FEES.

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

(b) This section does not apply to:

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

(2) the Minnesota State Colleges and Universities system;

Sec. 30. Minnesota Statutes 2014, section 16A.1283, is amended to read:

16A.1283 LEGISLATIVE APPROVAL REQUIRED FOR FEES.

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

(b) This section does not apply to:

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

(2) the Minnesota State Colleges and Universities system;

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

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

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

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

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

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

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

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

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

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

Sec. 31. Minnesota Statutes 2014, section 16B.24, is amended by adding a subdivision to read:

Subd. 12. **State band.** The commissioner must provide free rehearsal and storage space in the same building in the Capitol Area to an entity known as the Minnesota State Band, which is a tax exempt organization under section 501(c)(3) of the Internal Revenue Code.

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

Sec. 32. Minnesota Statutes 2014, section 16B.335, subdivision 1, is amended to read:

Subdivision 1. **Construction and major remodeling.** (a) The commissioner, or any other recipient to whom an appropriation is made to acquire or better public lands or buildings or other public improvements of a capital nature, must not prepare final plans and specifications for any construction, major remodeling, or land acquisition in anticipation of which the appropriation was made until the agency that will use the project has presented the program plan and cost estimates for all elements necessary to complete the project to the chair of the senate Finance Committee and the chair of the house of representatives Ways and Means Committee and the chairs have made their recommendations, and the chair and ranking minority member of the senate Capital Investment Committee and the chair and ranking minority member of the house of representatives Capital Investment Committee are notified. "Construction or major remodeling" means construction of a new building, a substantial addition to an existing building, or a substantial change to the interior configuration of an existing building. The presentation must note any significant changes in the work that will be done, or in its cost, since the appropriation for the project was enacted or from the predesign submittal. The program plans and estimates must be presented for review at least two weeks before a

recommendation is needed. The recommendations are advisory only. Failure or refusal to make a recommendation is considered a negative recommendation.

(b) The chairs and ranking minority members of the senate Finance and Capital Investment Committees ~~and~~, the house of representatives Capital Investment and Ways and Means Committees, and the house of representatives and senate budget committees or divisions with jurisdiction over the agency that will use the project must also be notified whenever there is a substantial change in a construction or major remodeling project, or in its cost. This notice must include the nature and reason for the change, and the anticipated cost of the change. The notice must be given no later than 10 days after signing a change order or other document authorizing a change in the project, or if there is not a change order or other document, no later than 10 days after the project owner becomes aware of a substantial change in the project or its cost.

~~(b)~~ (c) Capital projects exempt from the requirements ~~of this subdivision~~ in paragraph (a) to seek recommendations before preparing final plans and specifications include demolition or decommissioning of state assets, hazardous material projects, utility infrastructure projects, environmental testing, parking lots, parking structures, park and ride facilities, bus rapid transit stations, light rail lines, passenger rail projects, exterior lighting, fencing, highway rest areas, truck stations, storage facilities not consisting primarily of offices or heated work areas, roads, bridges, trails, pathways, campgrounds, athletic fields, dams, floodwater retention systems, water access sites, harbors, sewer separation projects, water and wastewater facilities, port development projects for which the commissioner of transportation has entered into an assistance agreement under section 457A.04, ice centers, a local government project with a construction cost of less than $1,500,000, or any other capital project with a construction cost of less than $750,000. The requirements in paragraph (b) to give notice of changes applies to these projects.

Sec. 33. Minnesota Statutes 2014, section 16B.371, is amended to read:

16B.371 ASSISTANCE TO SMALL AGENCIES.

(a) The commissioner ~~may~~ must provide administrative support services to a small ~~agencies~~ agency requesting these services. 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.

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24.32 Sec. 5. **[16B.4805] ACCOMMODATION REIMBURSEMENT.**

25.1 Subdivision 1. **Definitions.** "Reasonable accommodation" as used in this section
25.2 has the meaning given in section 363A.08. "State agency" as used in this section has the
25.3 meaning given in section 16A.011, subdivision 12. "Reasonable accommodations eligible
25.4 for reimbursement" means:

25.5 (1) reasonable accommodations provided to applicants for employment;

25.6 (2) reasonable accommodations for employees for services that will need to be
25.7 provided on a periodic or ongoing basis; or

25.8 (3) reasonable accommodations that involve onetime expenses that total more than
25.9 $1,000 for an employee in a fiscal year.

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

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

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

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49.11 (b) The Chicano Latino Affairs Council, the Council on Black Minnesotans, the
49.12 Council on Asian-Pacific Minnesotans, the Indian Affairs Council, and the Minnesota
49.13 State Council on Disability must use the services specified in paragraph (a).

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

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

49.20 Sec. 34. **[16B.4805] ACCOMMODATION REIMBURSEMENT.**

49.21 Subdivision 1. **Definitions.** (a) "Reasonable accommodation" as used in this section
49.22 has the meaning given in section 363A.08.

49.23 (b) "State agency" as used in this section has the meaning given in section 16A.011,
49.24 subdivision 12.

49.25 (c) "Reasonable accommodations eligible for reimbursement" as used in this section
49.26 means:

49.27 (1) reasonable accommodations provided to applicants for employment;

49.28 (2) reasonable accommodations for employees for services that will need to be
49.29 provided on a periodic or ongoing basis; or

49.30 (3) reasonable accommodations that involve onetime expenses that total more than
49.31 $1,000 for an employee in a fiscal year.

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

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

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

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

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

(1) the number and type of accommodations requested;

(2) the cost of accommodations requested;

(3) the state agencies from which the requests were made;

(4) the number of requests made for employees and the number of requests for applicants for employment;

(5) the number and type of accommodations that were not provided;

(6) any remaining balance left in the account;

(7) if the account was depleted, the date on which funds were exhausted and the number, type, and cost of accommodations that were not reimbursed to state agencies; and

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

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

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

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

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

(1) the number and type of accommodations requested;

(2) the cost of accommodations requested;

(3) the state agencies from which the requests were made;

(4) the number of requests made for employees and the number of requests for applicants for employment;

(5) the number and type of accommodations that were not provided;

(6) any remaining balance left in the fund;

(7) if the fund was depleted, the date on which funds were exhausted and the number, type, and cost of accommodations that were not reimbursed to state agencies; and

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

Subd. 7. **Funding.** The commissioner of management and budget must determine the amount of money to be deposited in the accommodation account each fiscal year. The commissioner must require each executive agency to make payments into the account from amounts appropriated for agency operations. The commissioner must implement policies and procedures to divide this amount among executive agencies. If the commissioner determines that it is not practical for an agency to make payments into a central account due to legal restrictions on use of the agency's appropriations, the commissioner shall require the agency to set aside money within its own operating funds, to be used only for purposes of this section. The amounts paid into the account are appropriated to the commissioner of administration for purposes of this section.

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

Sec. 35. Minnesota Statutes 2014, section 16B.97, subdivision 1, is amended to read:

Senate Language S0888-3

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

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

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

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

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

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

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

House Language UES0888-2

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

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

Sec. 36. Minnesota Statutes 2014, section 16B.97, is amended by adding a subdivision to read:

Subd. 6. **Commerce grants.** The office must monitor grants made by the Department of Commerce.

Sec. 37. **[16B.991] TERMINATION OF GRANT.**

Each grant agreement subject to sections 16B.97 and 16B.98 must provide that the agreement will immediately be terminated if:

(1) the recipient is convicted of a criminal offense relating to a state grant agreement; or

Senate Language S0888-3

House Language UES0888-2

Sec. 9. Minnesota Statutes 2014, section 16C.144, is amended to read:

16C.144 GUARANTEED ENERGY-SAVINGS PROGRAM.

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

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

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

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

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

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

(2) the agency entering into the grant agreement or the commissioner of administration determines that the grant recipient is under investigation by a federal agency, a state agency, or a local law enforcement agency for matters relating to administration of a state grant.

Sec. 38. **[16B.992] NO FEES FOR GENERAL FUND GRANT ADMINISTRATION.**

An agency may not charge a recipient of a grant from the general fund a fee and may not deduct money from the grant to pay administrative expenses incurred by the agency in administering the grant.

Sec. 39. Minnesota Statutes 2014, section 16C.03, subdivision 16, is amended to read:

Subd. 16. **Delegation of duties.** (a) The commissioner may delegate duties imposed by this chapter to the head of an agency and to any subordinate of the agency head. At least once every three years the commissioner must audit use of authority under this chapter by each employee whom the commissioner has delegated duties.

(b) The commissioner must develop guidelines for agencies and employees to whom authority is delegated under this chapter that protect state legal interests. These guidelines may provide for review by the commissioner when a specific contract has potential to put the state's legal interests at risk.

Senate Language S0888-3

House Language UES0888-2

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

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

(1) utility rates;

(2) number of days in the utility billing cycle;

(3) square footage of the facility;

(4) operational schedule of the facility;

(5) facility temperature set points;

(6) weather; and

(7) amount of equipment or lighting utilized in the facility.

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

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

(j) "Qualified provider" means a person or business experienced in the design, implementation, and installation of utility cost-savings measures.

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

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

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

Senate Language S0888-3

House Language UES0888-2

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

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

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

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

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

(5) the qualified provider provides a written guarantee that the annual utility, operation, and maintenance cost savings during the term of the guaranteed energy-savings agreement will meet or exceed the annual payments due under ~~a lease purchase agreement~~ the project financing. The qualified provider shall reimburse the state for any shortfall of guaranteed utility, operation, and maintenance cost savings; and

(6) the qualified provider gives a sufficient bond in accordance with section 574.26 to the commissioner for the faithful implementation and installation of the utility cost-savings measures.

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

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

Senate Language S0888-3

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

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

Subd. 2. **Small business.** The commissioner shall adopt ~~rules defining~~ the size standards for "small business" found in Code of Federal Relations, title 49, section 26.65, for purposes of sections 16C.16 to 16C.21, 137.31, 137.35, 161.321, and 473.142~~.~~ ~~The definition must include only businesses with their~~, provided that the business has its principal place of business in Minnesota. ~~The definition must establish different size standards for various types of businesses. In establishing these standards, the commissioner must consider the differences among industries caused by the size of the market for goods or services and the relative size and market share of the competitors operating in those markets.~~

Sec. 11. Minnesota Statutes 2014, section 16C.16, is amended by adding a subdivision to read:

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

House Language UES0888-2

Sec. 40. Minnesota Statutes 2014, section 16C.16, subdivision 6a, is amended to read:

Subd. 6a. **Veteran-owned small businesses.** (a) Except when mandated by the federal government as a condition of receiving federal funds, the commissioner shall award up to a six percent preference, but no less than the percentage awarded to any other group under this section, in the amount bid on state procurement to certified small businesses that are majority-owned and operated by veterans.

(b) The purpose of this designation is to facilitate the transition of veterans from military to civilian life, and to help compensate veterans for their sacrifices, including but not limited to their sacrifice of health and time, to the state and nation during their military service, as well as to enhance economic development within Minnesota.

(c) Before the commissioner certifies that a small business is majority-owned and operated by a veteran, the commissioner of veterans affairs must verify that the owner of the small business is a veteran, as defined in section 197.447.

Senate Language S0888-3

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

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

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

16C.19 ELIGIBILITY; RULES.

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

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

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

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

House Language UES0888-2

Sec. 41. Minnesota Statutes 2014, section 16C.19, is amended to read:

16C.19 ELIGIBILITY; RULES.

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

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

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

(d) Notwithstanding paragraph ~~(c)~~ (a), for purposes of sections 16C.16 to 16C.21, a veteran-owned small business, the principal place of business of which is in Minnesota, is certified if:

(1) it has been verified by the United States Department of Veterans Affairs as being either a veteran-owned small business or a service-disabled veteran-owned small business, in accordance with Public Law 109-461 and Code of Federal Regulations, title 38, part 74~~.~~; or

(2) the veteran-owned small business supplies the commissioner with proof that the small business is majority-owned and operated by:

(i) a veteran as defined in section 197.447; or

(ii) a veteran with a service-connected disability, as determined at any time by the United States Department of Veterans Affairs.

Senate Language S0888-3

(e) Until rules are adopted pursuant to paragraph (a) for the purpose of certifying veteran-owned small businesses, the provisions of Minnesota Rules, part 1230.1700, may be read to include veteran-owned small businesses. In addition to the documentation required in Minnesota Rules, part 1230.1700, the veteran owner must have been discharged under honorable conditions from active service, as indicated by the veteran owner's most current United States Department of Defense form DD-214.

(f) Notwithstanding paragraph (a), for purposes of sections 16C.16 to 16C.21, a minority- or woman-owned small business, the principal place of business of which is in Minnesota, is certified if it has been certified under the provisions of Code of Federal Regulations, title 49, part 26.

(g) The commissioner may adopt rules to implement the programs under section 16C.16, subdivisions 4 to 7, using the expedited rulemaking process in section 14.389.

House Language UES0888-2

(e) Until rules are adopted pursuant to paragraph (a) for the purpose of certifying veteran-owned small businesses, the provisions of Minnesota Rules, part 1230.1700, may be read to include veteran-owned small businesses. In addition to the documentation required in Minnesota Rules, part 1230.1700, the veteran owner must have been discharged under honorable conditions from active service, as indicated by the veteran owner's most current United States Department of Defense form DD-214.

(f) Notwithstanding paragraph (a), for purposes of sections 16C.16 to 16C.21, a minority- or woman-owned small business, the principal place of business of which is in Minnesota, is certified if it has been certified by the Minnesota unified certification program under the provisions of Code of Federal Regulations, title 49, part 26.

Sec. 42. Minnesota Statutes 2014, section 16E.01, is amended to read:

16E.01 OFFICE OF MN.IT SERVICES.

Subdivision 1. **Creation; chief information officer.** The Office of MN.IT Services, referred to in this chapter as the "office," is an agency in the executive branch headed by a commissioner, who also is the state chief information officer. The appointment of the commissioner is subject to the advice and consent of the senate under section 15.066.

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

Subd. 2. **Discretionary powers.** The office may:

(1) enter into contracts for goods or services with public or private organizations and charge fees for services it provides;

(2) apply for, receive, and expend money from public agencies;

(3) apply for, accept, and disburse grants and other aids from the federal government and other public or private sources;

(4) enter into contracts with agencies of the federal government, local governmental units, the University of Minnesota and other educational institutions, and private persons and other nongovernmental organizations as necessary to perform its statutory duties;

Senate Language S0888-3

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(5) sponsor and conduct conferences and studies, collect and disseminate information, and issue reports relating to information and communications technology issues; and

~~(6) review the technology infrastructure of regions of the state and cooperate with and make recommendations to the governor, legislature, state agencies, local governments, local technology development agencies, the federal government, private businesses, and individuals for the realization of information and communications technology infrastructure development potential;~~

~~(7) sponsor, support, and facilitate innovative and collaborative economic and community development and government services projects, including technology initiatives related to culture and the arts, with public and private organizations; and~~

~~(8)~~ (6) review and recommend alternative sourcing strategies for state information and communications systems.

Subd. 3. **Duties.** (a) The office shall:

(1) manage the efficient and effective use of available federal, state, local, and public-private resources to develop statewide information and telecommunications technology systems and services and its infrastructure;

(2) approve state agency and intergovernmental information and telecommunications technology systems and services development efforts involving state or intergovernmental funding, including federal funding, provide information to the legislature regarding projects reviewed, and recommend projects for inclusion in the governor's budget under section 16A.11;

(3) ensure cooperation and collaboration among state and local governments in developing intergovernmental information and telecommunications technology systems and services, and define the structure and responsibilities of a representative governance structure;

(4) cooperate and collaborate with the legislative and judicial branches in the development of information and communications systems in those branches;

(5) continue the development of North Star, the state's official comprehensive online service and information initiative;

(6) promote and collaborate with the state's agencies in the state's transition to an effectively competitive telecommunications market;

~~(7) collaborate with entities carrying out education and lifelong learning initiatives to assist Minnesotans in developing technical literacy and obtaining access to ongoing learning resources;~~

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~~(8)~~ (7) promote and coordinate public information access and network initiatives, consistent with chapter 13, to connect Minnesota's citizens and communities to each other, to their governments, and to the world;

~~(9)~~ (8) promote and coordinate electronic commerce initiatives to ensure that Minnesota businesses and citizens can successfully compete in the global economy;

~~(10)~~ (9) manage and promote the regular and periodic reinvestment in the information and telecommunications technology systems and services infrastructure so that state and local government agencies can effectively and efficiently serve their customers;

~~(11)~~ (10) facilitate the cooperative development of and ensure compliance with standards and policies for information and telecommunications technology systems and services, electronic data practices and privacy, and electronic commerce among international, national, state, and local public and private organizations;

~~(12)~~ (11) eliminate unnecessary duplication of existing information and telecommunications technology systems and services provided by state agencies;

~~(13)~~ (12) identify, sponsor, develop, and execute shared information and telecommunications technology projects and ongoing operations;

~~(14)~~ (13) ensure overall security of the state's information and technology systems and services; and

~~(15)~~ (14) manage and direct compliance with accessibility standards for informational technology, including hardware, software, Web sites, online forms, and online surveys.

(b) The chief information officer, in consultation with the commissioner of management and budget, must determine when it is cost-effective for agencies to develop and use shared information and telecommunications technology systems and services for the delivery of electronic government services. The chief information officer may require agencies to use shared information and telecommunications technology systems and services. The chief information officer shall establish reimbursement rates in cooperation with the commissioner of management and budget to be billed to agencies and other governmental entities sufficient to cover the actual development, operating, maintenance, and administrative costs of the shared systems. The methodology for billing may include the use of interagency agreements, or other means as allowed by law.

Senate Language S0888-3

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(c) A state agency that has an information and telecommunications technology project with a total expected project cost of more than ~~$1,000,000~~ $100,000, whether funded as part of the biennial budget or by any other means, shall register with the office by submitting basic project startup documentation, as specified by the chief information officer in both format and content, before any project funding is requested or committed and before the project commences. State agency project leaders must demonstrate that the project will be properly managed, provide updates to the project documentation as changes are proposed, and regularly report on the current status of the project on a schedule agreed to with the chief information officer.

(d) ~~The chief information officer shall monitor progress on any active information and telecommunications technology project with a total expected project cost of more than $5,000,000 and report on the performance of the project in comparison with the plans for the project in terms of time, scope, and budget. The chief information officer may conduct an independent project audit of the project. The audit analysis and evaluation of the projects subject to paragraph (c) must be presented to agency executive sponsors, the project governance bodies, and the chief information officer. All reports and responses must become part of the project record.~~ The chief information officer must prepare a monthly progress report for each active information and telecommunications technology project over $1,000,000. The report must be provided to the technology advisory council and must be available on the office's Web site.

(e) For any active information and telecommunications technology project with a total expected project cost of more than $10,000,000, the state agency must perform an annual independent audit that conforms to published project audit principles promulgated by the office.

(f) The chief information officer shall report by January 15 of each year to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over the office regarding projects the office has reviewed under paragraph (a), clause (13). The report must include the reasons for the determinations made in the review of each project and a description of its current status.

Subd. 4. **Limits.** The office may not enter into any new general or project contracts or other agreements to provide services to political subdivisions. The office may continue to collaborate with and enter into agreements with local subdivisions to create information technology infrastructure, provide connectivity, coordinate government-to-government communications, and provide security support. This subdivision does not prevent political subdivisions from purchasing goods or services from outside vendors through state contracts, and does not prevent political subdivisions from accessing geospatial data maintained by the office.

Senate Language S0888-3

House Language UES0888-2

EFFECTIVE DATE. This section is effective July 1, 2015. The office may not enter into a new contract or other agreement or renew an existing contract or agreement to provide services to political subdivisions in a manner prohibited by subdivision 4 on or after July 1, 2015. The office must end existing contracts and agreements to provide services prohibited by subdivision 4 as soon as this can be done without the office incurring legal liability, and as soon as affected political subdivisions are able to find other sources to provide the services provided by the office.

Sec. 43. Minnesota Statutes 2014, section 16E.016, is amended to read:

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

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

(1) state data centers;

(2) mainframes including system software;

(3) servers including system software;

(4) desktops including system software;

(5) laptop computers including system software;

(6) a data network including system software;

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

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

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

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

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

(12) network-connected output devices.

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

(c) ~~Subject to sections 16C.08 and 16C.09, the chief information officer may allow a state agency to obtain services specified in paragraph (a) through a contract with an outside vendor when the chief information officer and the agency head agree that a contract would provide best value, as defined in section 16C.02, under the service-level agreement.~~ A state agency must enter into a service-level agreement with the chief information officer for provision of services specified in paragraph (a), or must obtain some or all of these services through an outside vendor. Before entering into a service-level agreement or outside vendor contract, an agency must solicit proposals from the office and from at least one outside vendor. If the cost of the proposal from the office is more than six percent higher than the cost of a proposal from an outside vendor, the agency may enter into a contract with an outside vendor, notwithstanding sections 16C.08, subdivision 2, clause (1); 16C.09, paragraph (a), clause (1); and 43A.047. The chief information officer must require that agency contracts with outside vendors ensure that systems and services are compatible with standards established by the Office of MN.IT Services. The standards may include analysis of differences in future cost uncertainties, compliance with security requirements, compliance with hardware and service standards common in other state offices, ability to comply with legal, accessibility, and transparency requirements, and compliance with quality standards common to other state offices. The term of a service-level agreement or a contract under this paragraph is subject to the limits in section 16C.06, subdivision 3b. However, the chief information officer may provide that the term of the first agreement or contract entered into after the effective date of this section may be longer, as the chief information officer determines is necessary to establish a system under which agency agreements and contracts will expire according to a staggered schedule. A service-level agreement or contract may not be for a term of more than six years. A contract longer than four years must be followed by a contract of less than four years.

(d) The chief information officer may authorize a state agency office located outside of the seven-county metropolitan area to solicit proposals from MN.IT services and from an outside vendor separately from the rest of the agency.

(e) An agency may not enter into a contract for information technology systems or services of more than $100,000 with an outside vendor without approval of the chief information officer.

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

Senate Language S0888-3

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Sec. 44. Minnesota Statutes 2014, section 16E.03, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of chapter 16E, the following terms have the meanings given them.

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

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

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

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

(e) "State agency" means an agency in the executive branch of state government and includes the Minnesota Office of Higher Education, but does not include the Minnesota State Colleges and Universities unless specifically provided elsewhere in this chapter. Notwithstanding any law to the contrary, "state agency" includes any agency in the executive branch that operates information technology relating to eligibility for state programs.

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

Sec. 45. **[16E.034] ANNUAL REPORT ON IT SPENDING.**

(a) The chief information officer, in consultation with the commissioner of management and budget, must report by September 1 each year on:

(1) total state agency spending on information technology in the prior fiscal year, and planned state agency spending on information technology in the current fiscal year; and

(2) individual state agency spending on information technology in the prior fiscal year, and planned spending on information technology in the current fiscal year.

(b) The report in paragraph (a) on total state agency and individual agency spending and proposed spending must show amounts spent and anticipated to be spent in each of the following categories:

(1) new technology projects, or enhancement of existing projects, of more than $100,000;

(2) business as usual and minor enhancements; and

(3) infrastructure and operations.

(c) The information reported on infrastructure and operations in paragraph (b), clause (3), must be further divided, by agency, into the following categories:

(1) servers;

(2) messaging and collaboration;

(3) mainframe;

(4) storage;

(5) database, including administration;

(6) technical support;

(7) information security;

(8) directory administration;

(9) architecture;

(10) monitoring; and

(11) change management.

Sec. 46. Minnesota Statutes 2014, section 16E.0465, is amended to read:

16E.0465 TECHNOLOGY APPROVAL.

Subdivision 1. **Application.** This section applies to an appropriation of more than ~~$1,000,000~~ $100,000 of state or federal funds to a state agency for any information and telecommunications technology project or for any phase of such a project, device, or system. For purposes of this section, an appropriation of state or federal funds to a state agency includes an appropriation:

(1) to a constitutional officer;

(2) for a project that includes both a state agency and units of local government; and

(3) to a state agency for grants to be made to other entities.

Subd. 2. **Required review and approval.** (a) A state agency receiving an appropriation of more than $500,000 for an information and telecommunications technology project subject to this section must divide the project into phases.

(b) The commissioner of management and budget may not authorize the encumbrance or expenditure of an appropriation of state funds to a state agency for ~~any~~:

(1) a project if the project is subject to this section, but not divided into phases; or

(2) a phase of a project, device, or system subject to this section, unless the Office of MN.IT Services has reviewed the project or each phase of the project, device, or system, and based on this review, the chief information officer has determined for each project or phase that:

~~(1)~~ (i) the project is compatible with the state information architecture and other policies and standards established by the chief information officer;

~~(2)~~ (ii) the agency is able to accomplish the goals of the phase of the project with the funds appropriated; and

~~(3)~~ (iii) the project supports the enterprise information technology strategy.

Subd. 4. **Monitor progress.** The chief information officer shall monitor progress on any active information and telecommunications technology project with a total expected project cost of more than $5,000,000 and report on the performance of the project in comparison with the plans for the project in terms of time, scope, and budget. The chief information officer may conduct an independent project audit of the project. The audit analysis and evaluation of the projects must be presented to agency executive sponsors, the project governance bodies, and the chief information officer. All reports and responses must become part of the project record.

Sec. 47. Minnesota Statutes 2014, section 16E.14, subdivision 3, is amended to read:

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

Sec. 48. Minnesota Statutes 2014, section 16E.145, is amended to read:

16E.145 INFORMATION TECHNOLOGY APPROPRIATION.

An appropriation of more than $100,000 for a state agency information and telecommunications technology project must be made to the chief information officer. The chief information officer must manage and disburse the appropriation on behalf of the sponsoring state agency. Any appropriation for an information and telecommunications technology project made to a state agency other than the Office of MN.IT Services is transferred to the chief information officer.

Sec. 49. Minnesota Statutes 2014, section 16E.19, is amended by adding a subdivision to read:

Subd. 3. **Data storage.** The chief information officer must establish criteria for storage of state agency data outside of data centers operated by the chief information officer. These criteria must include thresholds for when requests of outside data storage must be approved by the chief information officer.

Sec. 50. **[43A.035] LIMIT ON NUMBER OF FULL-TIME EQUIVALENT EMPLOYEES.**

The total number of full-time equivalent employees employed in all executive branch agencies may not exceed 35,927. The commissioner of management and budget may forbid an executive agency from hiring a new employee or from filling a vacancy as the commissioner determines is necessary to ensure compliance with this section. Any reductions in staff should prioritize protecting client-facing health care workers, corrections officers, public safety workers, and mental health workers. As a means of achieving compliance with this requirement, the commissioner may authorize an agency to provide an early retirement incentive to an executive branch employee, under which the state will continue to make the employer contribution for health insurance after the employee has terminated state service. The commissioner must prescribe eligibility requirements and the maximum duration of the payments. For purposes of this section, an "executive agency" does not include the Minnesota State Colleges and Universities or statewide pension plans.

Sec. 51. **[138.912] HEALTHY EATING, HERE AT HOME.**

Subdivision 1. **Establishment.** The healthy eating, here at home program is established to provide incentives for low-income Minnesotans to use federal Supplemental Nutrition Assistance Program (SNAP) benefits for healthy purchases at Minnesota-based farmers' markets.

Subd. 2. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Healthy eating, here at home" means a program administered by the Minnesota Humanities Center to provide incentives for low-income Minnesotans to use SNAP benefits for healthy purchases at Minnesota-based farmers' markets.

(c) "Healthy purchases" means SNAP-eligible foods.

(d) "Minnesota-based farmers' market" means a physical market as defined in section 28A.151, subdivision 1, paragraph (b), and also includes mobile markets.

(e) "Voucher" means a physical or electronic credit.

(f) "Eligible household" means an individual or family that is determined to be a recipient of SNAP.

Subd. 3. **Grants.** The Minnesota Humanities Center shall allocate grant funds to nonprofit organizations that work with Minnesota-based farmers' markets to provide up to $10 vouchers to SNAP participants who use electronic benefits transfer (EBT) cards for healthy purchases. Funds may also be provided for vouchers distributed through nonprofit organizations engaged in healthy cooking and food education outreach to eligible households for use at farmers' markets. Funds appropriated under this section may not be used for healthy cooking classes or food education outreach. When awarding grants, the Minnesota Humanities Center must consider how the nonprofit organizations will achieve geographic balance, including specific efforts to reach eligible households across the state, and the organizations' capacity to manage the programming and outreach.

Subd. 4. **Household eligibility; participation.** To be eligible for a healthy eating, here at home voucher, an eligible household must meet the Minnesota SNAP eligibility requirements under section 256D.051.

Subd. 5. **Permissible uses; information provided.** An eligible household may use the voucher toward healthy purchases at Minnesota-based farmers' markets. Every eligible household that receives a voucher must be informed of the allowable uses of the voucher.

Subd. 6. **Program reporting.** The nonprofit organizations that receive grant funds must report annually to the Minnesota Humanities Center with information regarding the operation of the program, including the number of vouchers issued and the number of people served. To the extent practicable, the nonprofit organizations must report on the usage of the vouchers and evaluate the program's effectiveness.

Subd. 7. **Grocery inclusion.** The commissioner of human services must submit a waiver request to the federal United States Department of Agriculture seeking approval for the inclusion of Minnesota grocery stores in this program so that SNAP participants may use the vouchers for healthy produce at grocery stores. Grocery store participation is voluntary and a grocery store's associated administrative costs will not be reimbursed.

Sec. 52. Minnesota Statutes 2014, section 148.57, is amended by adding a subdivision to read:

Subd. 5. **Expedited and temporary licensing for former and current members of the military.** (a) Applicants seeking licensure according to this subdivision must be:

(1) an active duty military member;

(2) the spouse of an active duty military member; or

(3) a veteran who has left service in the two years preceding the date of license application, and has confirmation of an honorable or general discharge status.

(b) A qualified applicant under this subdivision must provide evidence of:

(1) a current valid license, certificate, or permit in another state without history of disciplinary action by a regulatory authority in the other state; and

(2) a current criminal background study without a criminal conviction that is determined by the board to adversely affect the applicant's ability to become licensed.

(c) A temporary license issued under this subdivision is effective for six months from the initial temporary licensure date.

(d) During the temporary license period, the individual shall complete the licensed optometrist application for licensure.

(e) In order to remain licensed after the expiration of the temporary license, an individual must meet the requirements in section 148.57, subdivisions 1 and 2.

Sec. 53. Minnesota Statutes 2014, section 148.624, subdivision 5, is amended to read:

Subd. 5. **Expedited and temporary licensing for former and current members of the military permit.** ~~The board shall issue a temporary permit to members of the military in accordance with section 197.4552.~~ (a) Applicants seeking licensure according to this subdivision must be:

(1) an active duty military member;

(2) the spouse of an active duty military member; or

(3) a veteran who has left service in the two years preceding the date of license application, and has confirmation of an honorable or general discharge status.

(b) A qualified applicant under this subdivision must provide evidence of:

(1) a current valid license in another state without history of disciplinary action by a regulatory authority in the other state; and

(2) a current criminal background study without a criminal conviction that is determined by the board to adversely affect the applicant's ability to become licensed.

(c) A temporary license issued under this subdivision is effective for six months from the initial temporary licensure date.

(d) During the temporary license period, the individual shall complete the licensed dietitian or nutritionist application for licensure.

(e) In order to remain licensed after the expiration of the temporary license, an individual must meet the full licensure requirements.

(f) The fee for the temporary ~~permit~~ license is $250.

Sec. 54. Minnesota Statutes 2014, section 148B.33, is amended by adding a subdivision to read:

Subd. 3. **Expedited and temporary licensing for former and current members of the military.** (a) Applicants seeking licensure according to this subdivision must be:

(1) an active duty military member;

(2) the spouse of an active duty military member; or

(3) a veteran who has left service in the two years preceding the date of license application, and has confirmation of an honorable or general discharge status.

(b) A qualified applicant under this subdivision must provide evidence of:

(1) a current valid license, certificate, or permit in another state without history of disciplinary action by a regulatory authority in the other state; and

(2) a current criminal background study without a criminal conviction that is determined by the board to adversely affect the applicant's ability to become licensed.

(c) A temporary license issued under this subdivision is effective for six months from the initial temporary licensure date.

(d) During the temporary license period, the individual shall complete the licensed marriage and family therapist application for licensure.

(e) In order to remain licensed after the expiration of the temporary license, an individual must meet the requirements in subdivisions 1 and 2.

Sec. 55. Minnesota Statutes 2014, section 148B.53, is amended by adding a subdivision to read:

Subd. 1a. **Expedited and temporary licensing for former and current members of the military.** (a) Applicants seeking licensure according to this subdivision must be:

(1) an active duty military member;

(2) the spouse of an active duty military member; or

(3) a veteran who has left service in the two years preceding the date of license application, and has confirmation of an honorable or general discharge status.

(b) A qualified applicant under this subdivision must provide evidence of:

(1) a current valid license, certificate, or permit in another state without history of disciplinary action by a regulatory authority in the other state; and

(2) a current criminal background study without a criminal conviction that is determined by the board to adversely affect the applicant's ability to become licensed.

(c) A temporary license issued under this subdivision is effective for one year from the initial licensure date.

(d) During the temporary license period, the individual shall complete the licensed professional counselor application for licensure.

(e) In order to remain licensed after the expiration of the temporary license, an individual must meet the requirements in subdivision 1, paragraphs (a) and (b).

Sec. 56. Minnesota Statutes 2014, section 148B.5301, is amended by adding a subdivision to read:

Subd. 4a. **Expedited and temporary licensing for former and current members of the military.** (a) Applicants seeking licensure according to this subdivision must be:

(1) an active duty military member;

(2) the spouse of an active duty military member; or

(3) a veteran who has left service in the two years preceding the date of license application, and has confirmation of an honorable or general discharge status.

(b) A qualified applicant under paragraph (a) must provide evidence of:

(1) a current valid license, certificate, or permit in another state without history of disciplinary action by a regulatory authority in the other state; and

(2) a current criminal background study without a criminal conviction that is determined by the board to adversely affect the applicant's ability to become licensed.

(c) A temporary license issued under this subdivision is effective for one year from the initial licensure date.

(d) During the temporary license period, the individual shall complete the licensed professional clinical counselor application for licensure.

(e) In order to remain licensed after the expiration of the temporary license, an individual must meet the requirements in subdivisions 1 and 2.

Sec. 57. Minnesota Statutes 2014, section 148F.025, is amended by adding a subdivision to read:

Subd. 5. **Expedited and temporary licensing for former and current members of the military.** (a) Applicants seeking licensure according to this subdivision must be:

(1) an active duty military member;

(2) the spouse of an active duty military member; or

(3) a veteran who has left service in the two years preceding the date of license application, and has confirmation of an honorable or general discharge status.

(b) Applicants are required to comply with subdivisions 1 and 4.

(c) A qualified applicant under paragraph (a) must provide evidence of:

(1) a current valid license, certificate, or permit in another state without history of disciplinary action by a regulatory authority in the other state; and

(2) a current criminal background study without a criminal conviction that is determined by the board to adversely affect the applicant's ability to become licensed.

(d) A temporary license issued under this subdivision is effective for two years from the initial licensure date.

(e) During the temporary license period, the individual shall complete the application for licensure required in subdivision 1.

(f) In order to remain licensed after the expiration of the temporary license, an individual must meet the requirements in subdivisions 2 and 3.

Sec. 58. Minnesota Statutes 2014, section 153.16, subdivision 1, is amended to read:

Subdivision 1. **License requirements.** The board shall issue a license to practice podiatric medicine to a person who meets the following requirements:

(a) The applicant for a license shall file a written notarized application on forms provided by the board, showing to the board's satisfaction that the applicant is of good moral character and satisfies the requirements of this section.

(b) The applicant shall present evidence satisfactory to the board of being a graduate of a podiatric medical school approved by the board based upon its faculty, curriculum, facilities, accreditation by a recognized national accrediting organization approved by the board, and other relevant factors.

(c) The applicant must have received a passing score on each part of the national board examinations, parts one and two, prepared and graded by the National Board of Podiatric Medical Examiners. The passing score for each part of the national board examinations, parts one and two, is as defined by the National Board of Podiatric Medical Examiners.

(d) Applicants graduating after 1986 from a podiatric medical school shall present evidence of successful completion of a residency program approved by a national accrediting podiatric medicine organization.

(e) The applicant shall appear in person before the board or its designated representative to show that the applicant satisfies the requirements of this section, including knowledge of laws, rules, and ethics pertaining to the practice of podiatric medicine. The board may establish as internal operating procedures the procedures or requirements for the applicant's personal presentation. Upon completion of all other application requirements, a doctor of podiatric medicine applying for a temporary military license has six months in which to comply with this subdivision.

(f) The applicant shall pay a fee established by the board by rule. The fee shall not be refunded.

(g) The applicant must not have engaged in conduct warranting disciplinary action against a licensee. If the applicant does not satisfy the requirements of this paragraph, the board may refuse to issue a license unless it determines that the public will be protected through issuance of a license with conditions and limitations the board considers appropriate.

(h) Upon payment of a fee as the board may require, an applicant who fails to pass an examination and is refused a license is entitled to reexamination within one year of the board's refusal to issue the license. No more than two reexaminations are allowed without a new application for a license.

Sec. 59. Minnesota Statutes 2014, section 153.16, subdivision 4, is amended to read:

Subd. 4. **Temporary military ~~permit~~ license.** ~~The board shall establish a temporary permit in accordance with section 197.4552. The fee for the temporary military permit is $250.~~ (a) The board shall issue an expedited license to practice podiatric medicine to an applicant who meets the following requirements:

(1) is an active duty military member;

(2) is the spouse of an active duty military member; or

(3) is a veteran who has left service in the two years preceding the date of license application, and has confirmation of an honorable or general discharge status.

(b) A qualified applicant under this subdivision must provide evidence of:

(1) a current, valid license in another state without history of disciplinary action by a regulatory authority in the other state; and

(2) a current criminal background study without a criminal conviction that is determined by the board to adversely affect the applicant's ability to become licensed.

(c) The board shall issue a license for up to six months to a doctor of podiatric medicine eligible for licensure under this subdivision. Doctors of podiatric medicine licensed in another state who have complied with all other requirements may receive a temporary license valid for up to six months. No extension is available.

(d) A temporary license issued under this subdivision permits a qualified individual to perform podiatric medicine for a limited length of time as determined by the licensing board. During the temporary license period, the individual shall complete the full application procedure and be approved as required by applicable law.

(e) The fee for the temporary military license is $250.

Sec. 60. Minnesota Statutes 2014, section 154.003, is amended to read:

154.003 FEES.

(a) The fees collected, as required in this chapter, chapter 214, and the rules of the board, shall be paid to the board. The board shall deposit the fees in the general fund in the state treasury.

(b) The board shall charge the following fees:

(1) examination and certificate, registered barber, $85;

(2) retake of written examination, registered barber, $10;

(3) examination and certificate, apprentice, $80;

(4) retake of written examination, apprentice, $10;

(5) examination, instructor, $180;

(6) certificate, instructor, $65;

(7) temporary teacher or apprentice permit, $80;

(8) temporary registered barber, military, $85;

(9) temporary barber instructor, military, $180;

(10) temporary apprentice barber, military, $80;

(11) renewal of registration, registered barber, $80;

~~(9)~~ (12) renewal of registration, apprentice, $70;

~~(10)~~ (13) renewal of registration, instructor, $80;

~~(11)~~ (14) renewal of temporary teacher permit, $65;

~~(12)~~ (15) student permit, $45;

~~(13)~~ (16) renewal of student permit, $25;

~~(14)~~ (17) initial shop registration, $85;

~~(15)~~ (18) initial school registration, $1,030;

~~(16)~~ (19) renewal shop registration, $85;

~~(17)~~ (20) renewal school registration, $280;

~~(18)~~ (21) restoration of registered barber registration, $95;

~~(19)~~ (22) restoration of apprentice registration, $90;

~~(20)~~ (23) restoration of shop registration, $105;

~~(21)~~ (24) change of ownership or location, $55;

~~(22)~~ (25) duplicate registration, $40;

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31.9 Sec. 13. Minnesota Statutes 2014, section 155A.21, is amended to read:
31.10 **155A.21 POLICY.**

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

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

31.17 Sec. 14. Minnesota Statutes 2014, section 155A.23, subdivision 8, is amended to read:

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

31.23 Sec. 15. Minnesota Statutes 2014, section 155A.23, is amended by adding a
31.24 subdivision to read:

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70.6 ~~(23)~~ (26) home study course, $75;

70.7 ~~(24)~~ (27) letter of registration verification, $25; and

70.8 ~~(25)~~ (28) reinspection, $100.

70.9 Sec. 61. Minnesota Statutes 2014, section 154.11, subdivision 3, is amended to read:

70.10 Subd. 3. **Temporary military ~~license~~ permits.** (a) In accordance with section
70.11 197.4552, the board shall ~~establish~~ issue a temporary ~~license~~:

70.12 (1) permit for apprentice barbers ~~and master~~;

70.13 (2) certificate for registered barbers; and ~~a temporary permit for apprentices in~~
70.14 ~~accordance with section 197.4552. The fee for a temporary license under this subdivision~~
70.15 ~~for a master barber is $85. The fee for a temporary license under this subdivision for a~~
70.16 ~~barber is $180. The fee for a temporary permit under this subdivision for an apprentice is~~
70.17 ~~$80.~~

70.18 (3) certificate for registered barber instructors.

70.19 (b) Fees for temporary military permits and certificates of registration under this
70.20 subdivision are listed under section 154.003.

70.21 (c) Permits or certificates of registration issued under this subdivision are valid
70.22 for one year from the date of issuance, after which the individual must complete a full
70.23 application as required by section 197.4552.

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

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

Sec. 16. Minnesota Statutes 2014, section 155A.23, is amended by adding a subdivision to read:

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

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

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

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

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

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

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

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

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

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

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

Subd. 2. **Hiring and assignment of employees.** The board has the authority to hire qualified personnel in the classified service to assist in administering the law, including those for the testing and licensing of applicants ~~and the continuing inspections required. All staff must receive periodic training to improve and maintain customer service skills~~, conducting inspections, and complaint investigations.

Sec. 22. Minnesota Statutes 2014, section 155A.25, subdivision 1a, is amended to read:

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

~~(a)~~ (b) Three-year license fees are as follows:

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

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

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

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

(i) ~~$120~~ $100 for each ~~initial~~ renewal license ~~and a $40 nonrefundable initial license application fee, for a total of $160~~; and

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

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

(i) $130 for each renewal license; and

(ii) $15 for each renewal application fee;

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

(i) ~~$130~~ $250 for each initial license ~~and a $100 nonrefundable initial license application fee, for a total of $230~~; and

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

~~(4) school~~ (5) $225 renewal of salon license, divided as follows:

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

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

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

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

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

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

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

(ii) $500 for each renewal application fee.

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

(1) reinspection fee, ~~variable~~ $150;

(2) manager and owner with lapsed practitioner found on inspection, $150 each;

(3) lapsed practitioner or instructor found on inspection, $200;

(4) lapsed salon found on inspection, $500;

(5) lapsed school found on inspection, $1,000;

(6) failure to display current license, $100;

(7) failure to dispose of single-use equipment, implements, or materials as provided under section 155A.355, subdivision 1, $500;

(8) use of prohibited razor-type callus shavers, rasps, or graters under section 155A.355, subdivision 2, $500;

(9) performing nail or cosmetology services in esthetician salon, or performing esthetician or cosmetology services in a nail salon, $500;

(10) owner and manager allowing an operator to work as an independent contractor, $200;

(11) operator working as an independent contractor, $100;

(12) refusal or failure to cooperate with an inspection, $500;

(13) ~~expired cosmetologist, nail technician, esthetician, manager, school manager, and instructor license~~ practitioner late renewal fee, $45; and

(14) ~~expired~~ salon or school ~~license~~ late renewal fee, $50.

~~(c)~~ (d) Administrative fees are as follows:

(1) ~~certificate of identification, $20~~ homebound service permit, $50 three-year fee;

(2) name change, $20;

(3) ~~letter of license verification~~ certification of licensure, $30 each;

(4) duplicate license, $20;

(5) ~~processing fee, $10;~~

~~(6)~~ special event permit, $75 per year; ~~and~~

~~(7)~~ (6) registration of hair braiders, $20 per year;

(7) $100 for each temporary military license for a cosmetologist, nail technician, esthetician, or advanced practice esthetician one-year fee;

(8) expedited initial individual license, $150;

(9) expedited initial salon license, $300;

(10) instructor continuing education provider approval, $150 each year; and

(11) practitioner continuing education provider approval, $150 each year.

Sec. 23. Minnesota Statutes 2014, section 155A.25, subdivision 5, is amended to read:

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

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

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

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

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

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

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

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

Sec. 27. Minnesota Statutes 2014, section 155A.27, subdivision 1, is amended to read:

Subdivision 1. **Licensing.** ~~Individual licensing shall be required for persons seeking~~ A person must hold an individual license to practice in the state as a cosmetologist, esthetician, nail technician, advanced practice esthetician, manager, or instructor.

Sec. 28. Minnesota Statutes 2014, section 155A.27, subdivision 2, is amended to read:

Subd. 2. **Qualifications.** Qualifications for licensing in each classification shall be determined by the board and established by rule, and shall include educational and experiential prerequisites. The rules shall require a demonstrated knowledge of procedures necessary to protect the health and safety of the practitioner and the consumer of cosmetology services, including but not limited to ~~chemical applications~~ infection control, use of implements, apparatuses and other appliances, and the use of chemicals.

Sec. 29. Minnesota Statutes 2014, section 155A.27, subdivision 5a, is amended to read:

Subd. 5a. **Temporary military license.** The board shall establish temporary licenses for a cosmetologist, nail technician, and esthetician in accordance with section 197.4552. ~~The fee for a temporary license under this subdivision for a cosmetologist, nail technician, or esthetician is $100.~~

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

155A.271 CONTINUING EDUCATION REQUIREMENTS.

Senate Language S0888-3

House Language UES0888-2

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

(b) Effective August 1, 2017, in addition to the hours of continuing education credits required under paragraph (a), to qualify for license renewal under this chapter as an individual cosmetologist, nail technician, esthetician, advanced practice esthetician, or salon manager, the applicant must also attest to the completion of one four-hour continuing education course from a continuing education provider based on any or all of the following:

(1) product chemistry and chemistry interaction;

(2) proper use of machines and instruments;

(3) business management and human relations; or

(4) techniques relevant to the type of license held.

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

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

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

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Subd. 2. **~~Schools and professional associations~~ Continuing education providers.** (a) Only a board-licensed school of cosmetology, a postsecondary institution as defined in section 136A.103, paragraph (a), or a board-recognized professional association organized under chapter 317A may offer continuing education curriculum for credit under ~~this section.~~ subdivision 1, paragraph (a). Continuing education curriculum under subdivision 1, paragraph (b), may be offered by a:

(1) board-licensed school of cosmetology;

(2) board-recognized professional association organized under chapter 317A; or

(3) board-licensed salon.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) maintain a permanent business address; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Subd. 8. **Expiration.** The commission expires on June 30, ~~2016~~ 2020.

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

211B.37 COSTS ASSESSED.

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

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

240A.09 PLAN DEVELOPMENT; CRITERIA.

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

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

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

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Sec. 67. Minnesota Statutes 2014, section 211B.37, is amended to read:

211B.37 COSTS ASSESSED.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 39. Minnesota Statutes 2014, section 272.484, is amended to read:

272.484 FEES.

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

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

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

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

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Sec. 88. Minnesota Statutes 2014, section 272.484, is amended to read:

272.484 FEES.

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

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

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

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

Sec. 89. Minnesota Statutes 2014, section 298.22, subdivision 1, is amended to read:

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Subdivision 1. **The Office of the Commissioner of Iron Range resources and rehabilitation.** (a) The Office of the Commissioner of Iron Range resources and rehabilitation is created as an agency in the executive branch of state government. The governor shall appoint the commissioner of Iron Range resources and rehabilitation under section 15.06.

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

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

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

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

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

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

Sec. 90. Minnesota Statutes 2014, section 303.19, is amended to read:
303.19 REINSTATEMENT.

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 91. Minnesota Statutes 2014, section 304A.301, subdivision 1, is amended to read:

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

Sec. 92. Minnesota Statutes 2014, section 304A.301, subdivision 5, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Sec. 93. Minnesota Statutes 2014, section 304A.301, subdivision 6, is amended to read:

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

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

Sec. 94. Minnesota Statutes 2014, section 304A.301, is amended by adding a subdivision to read:

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

Sec. 95. Minnesota Statutes 2014, section 326A.01, subdivision 2, is amended to read:

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

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

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

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

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

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

Sec. 96. Minnesota Statutes 2014, section 326A.01, subdivision 12, is amended to read:

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Subd. 12. **Peer review.** "Peer review" means ~~an independent~~ a study, appraisal, or review of one or more aspects of the professional work of a licensee or CPA firm that issues attest or compilation reports, or the professional work of a person registered under section 326A.06, paragraph (b), by persons who are not affiliated with the licensee or CPA firm being reviewed.

Sec. 48. Minnesota Statutes 2014, section 326A.01, subdivision 13a, is amended to read:

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

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

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

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

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

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

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Subd. 12. **Peer review.** "Peer review" means an independent study, appraisal, or review of one or more aspects of the professional work of a licensee or CPA firm that issues attest or compilation reports, or the professional work of a person registered under section 326A.06, paragraph (b), by persons who are not affiliated with the licensee or CPA firm being reviewed.

Sec. 97. Minnesota Statutes 2014, section 326A.01, subdivision 13a, is amended to read:

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

Sec. 98. Minnesota Statutes 2014, section 326A.01, subdivision 15, is amended to read:

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

Sec. 99. Minnesota Statutes 2014, section 326A.01, subdivision 16, is amended to read:

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

Sec. 100. Minnesota Statutes 2014, section 326A.02, subdivision 3, is amended to read:

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

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

Subd. 5. **Rules.** The board may adopt rules governing its administration and enforcement of this chapter and the conduct of licensees and persons registered under section 326A.06, paragraph (b), including:

(1) rules governing the board's meetings and the conduct of its business;

(2) rules of procedure governing the conduct of investigations and hearings and discipline by the board;

(3) rules specifying the educational and experience qualifications required for the issuance of certificates and the continuing professional education required for renewal of certificates;

(4) rules of professional conduct directed to controlling the quality and probity of services by licensees, and dealing among other things with independence, integrity, and objectivity; competence and technical standards; and responsibilities to the public and to clients;

(5) rules governing the professional standards applicable to licensees including adoption of the standards specified in section 326A.01, subdivision 2, and as developed for general application by recognized national accountancy organizations such as the American Institute of Certified Public Accountants or the Public Company Accounting Oversight Board;

(6) rules that incorporate by reference the standards for attesting listed in section 326A.01, subdivision 2, that are consistent with the standards of general applicability recognized by national accountancy organizations, including the American Institute of Certified Public Accountants and the Public Company Accounting Oversight Board;

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

Sec. 101. Minnesota Statutes 2014, section 326A.02, subdivision 5, is amended to read:

Subd. 5. **Rules.** The board may adopt rules governing its administration and enforcement of this chapter and the conduct of licensees and persons registered under section 326A.06, paragraph (b), including:

(1) rules governing the board's meetings and the conduct of its business;

(2) rules of procedure governing the conduct of investigations and hearings and discipline by the board;

(3) rules specifying the educational and experience qualifications required for the issuance of certificates and the continuing professional education required for renewal of certificates;

(4) rules of professional conduct directed to controlling the quality and probity of services by licensees, and dealing among other things with independence, integrity, and objectivity; competence and technical standards; and responsibilities to the public and to clients;

(5) rules governing the professional standards applicable to licensees including adoption of the standards specified in section 326A.01, subdivision 2, and as developed for general application by recognized national accountancy organizations such as the American Institute of Certified Public Accountants or the Public Company Accounting Oversight Board;

(6) rules that incorporate by reference the standards for attesting listed in section 326A.01, subdivision 2, that are consistent with the standards of general applicability recognized by national accountancy organizations, including the American Institute of Certified Public Accountants and the Public Company Accounting Oversight Board;

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~~(6)~~ (7) rules governing the manner and circumstances of use of the titles "certified public accountant," "CPA," "registered accounting practitioner," and "RAP";

~~(7)~~ (8) rules regarding peer review that may be required to be performed under provisions of this chapter;

~~(8)~~ (9) rules on substantial equivalence to implement section 326A.14;

~~(9)~~ (10) rules regarding the conduct of the certified public accountant examination;

~~(10)~~ (11) rules regarding the issuance and renewals of certificates, permits, and registrations;

~~(11)~~ (12) rules regarding transition provisions to implement this chapter;

~~(12)~~ (13) rules specifying the educational and experience qualifications for registration, rules of professional conduct, rules regarding peer review, rules governing standards for providing services, and rules regarding the conduct and content of examination for those persons registered under section 326A.06, paragraph (b);

~~(13)~~ (14) rules regarding fees for examinations, certificate issuance and renewal, firm permits, registrations under section 326A.06, paragraph (b), notifications made under section 326A.14, and late processing fees; and

~~(14)~~ (15) upon any change to this chapter, if the board determines a change in Minnesota Rules is required, the board may initiate the expedited process under section 14.389 up to one year after the effective date of the change to this chapter.

Sec. 53. Minnesota Statutes 2014, section 326A.05, subdivision 1, is amended to read:

Subdivision 1. **General.** The board shall grant or renew permits to practice as a CPA firm to entities that make application and demonstrate their qualifications in accordance with this section.

(a) The following must hold a permit issued under this section:

(1) any firm with an office in this state performing attest services as defined in section 326A.01, subdivision 2;

(2) to the extent required by section 326A.10, paragraph (k), any firm with an office in this state performing compilation services as defined in section 326A.01, subdivision 6;

(3) any firm with an office in this state that uses the title "CPA" or "CPA firm"; or

(4) any firm that does not have an office in this state but performs attest services as described in section 326A.01, subdivision 2, paragraph (1), (3), or (4), for a client having its headquarters in this state.

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~~(6)~~ (7) rules governing the manner and circumstances of use of the titles "certified public accountant," "CPA," "registered accounting practitioner," and "RAP";

~~(7)~~ (8) rules regarding peer review that may be required to be performed under provisions of this chapter;

~~(8)~~ (9) rules on substantial equivalence to implement section 326A.14;

~~(9)~~ (10) rules regarding the conduct of the certified public accountant examination;

~~(10)~~ (11) rules regarding the issuance and renewals of certificates, permits, and registrations;

~~(11)~~ (12) rules regarding transition provisions to implement this chapter;

~~(12)~~ (13) rules specifying the educational and experience qualifications for registration, rules of professional conduct, rules regarding peer review, rules governing standards for providing services, and rules regarding the conduct and content of examination for those persons registered under section 326A.06, paragraph (b);

~~(13)~~ (14) rules regarding fees for examinations, certificate issuance and renewal, firm permits, registrations under section 326A.06, paragraph (b), notifications made under section 326A.14, and late processing fees; and

~~(14)~~ (15) upon any change to this chapter, if the board determines a change in Minnesota Rules is required, the board may initiate the expedited process under section 14.389 up to one year after the effective date of the change to this chapter.

Sec. 102. Minnesota Statutes 2014, section 326A.05, subdivision 1, is amended to read:

Subdivision 1. **General.** The board shall grant or renew permits to practice as a CPA firm to entities that make application and demonstrate their qualifications in accordance with this section.

(a) The following must hold a permit issued under this section:

(1) any firm with an office in this state performing attest services as defined in section 326A.01, subdivision 2;

(2) to the extent required by section 326A.10, paragraph (k), any firm with an office in this state performing compilation services as defined in section 326A.01, subdivision 6;

(3) any firm with an office in this state that uses the title "CPA" or "CPA firm"; or

(4) any firm that does not have an office in this state but performs attest services as described in section 326A.01, subdivision 2, paragraph (1), (3), or (4), for a client having its headquarters in this state.

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(b) A firm possessing a valid permit from another state which does not have an office in this state may perform services described in section 326A.01, subdivision 2, clause (2) or (5), or subdivision 6, for a client having its headquarters in this state and may use the title "CPA" or "CPA firm" without a permit issued under this section only if:

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

(2) as a condition to the renewal of the firm's permit issued by the other state, that state requires a peer review which contains the requirements equivalent to subdivision 8, paragraphs (a) and (e); and

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

(c) A firm possessing a valid permit from another state that does not have an office in this state and which is not subject to the requirements of paragraph (a), clause (4), or (b), may perform other professional services while using the title "CPA" or "CPA firm" in this state without a permit issued under this section only if the firm:

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

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

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

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

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

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

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

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(b) A firm possessing a valid permit from another state which does not have an office in this state may perform services described in section 326A.01, subdivision 2, clause (2) or (5), or subdivision 6, for a client having its headquarters in this state and may use the title "CPA" or "CPA firm" without a permit issued under this section only if:

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

(2) as a condition to the renewal of the firm's permit issued by the other state, that state requires a peer review which contains the requirements equivalent to subdivision 8, paragraphs (a) and (e); and

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

(c) A firm possessing a valid permit from another state that does not have an office in this state and which is not subject to the requirements of paragraph (a), clause (4), or (b), may perform other professional services while using the title "CPA" or "CPA firm" in this state without a permit issued under this section only if the firm:

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

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

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

Sec. 103. Minnesota Statutes 2014, section 326A.05, subdivision 3, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 104. Minnesota Statutes 2014, section 326A.10, is amended to read:

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

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

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

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

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

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

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

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

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

(f) Persons registered under section 326A.06, paragraph (b), may use the title "registered accounting practitioner" or the abbreviation "RAP." A person who does not hold a valid registration under section 326A.06, paragraph (b), shall not assume or use such title or abbreviation.

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

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

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

(f) Persons registered under section 326A.06, paragraph (b), may use the title "registered accounting practitioner" or the abbreviation "RAP." A person who does not hold a valid registration under section 326A.06, paragraph (b), shall not assume or use such title or abbreviation.

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

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

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

(i) Paragraphs (a) to (h) do not apply to a person or firm holding a certification, designation, degree, or license granted in a foreign country entitling the holder to engage in the practice of public accountancy or its equivalent in that country, if:

(1) the activities of the person or firm in this state are limited to the provision of professional services to persons or firms who are residents of, governments of, or business entities of the country in which the person holds the entitlement;

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

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

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

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

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

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

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

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

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

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

(i) Paragraphs (a) to (h) do not apply to a person or firm holding a certification, designation, degree, or license granted in a foreign country entitling the holder to engage in the practice of public accountancy or its equivalent in that country, if:

(1) the activities of the person or firm in this state are limited to the provision of professional services to persons or firms who are residents of, governments of, or business entities of the country in which the person holds the entitlement;

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

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

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

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

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

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

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

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

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

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

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

(m) Nothing in this section prohibits a practicing attorney or firm of attorneys from preparing or presenting records or documents customarily prepared by an attorney or firm of attorneys in connection with the attorney's professional work in the practice of law.

(n) The board shall adopt rules that place limitations on receipt by a licensee or a person who holds a registration under section 326A.06, paragraph (b), of:

(1) contingent fees for professional services performed; and

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

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

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

326B.809 WRITTEN CONTRACT REQUIRED.

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

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

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

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

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

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

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

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

(m) Nothing in this section prohibits a practicing attorney or firm of attorneys from preparing or presenting records or documents customarily prepared by an attorney or firm of attorneys in connection with the attorney's professional work in the practice of law.

(n) The board shall adopt rules that place limitations on receipt by a licensee or a person who holds a registration under section 326A.06, paragraph (b), of:

(1) contingent fees for professional services performed; and

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

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

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

54.33 Sec. 58. Minnesota Statutes 2014, section 336A.09, subdivision 1, is amended to read:

55.1 Subdivision 1. **Procedure.** (a) ~~Oral~~ Online and written inquiries regarding
55.2 information provided by the filing of effective financing statements or lien notices may
55.3 be ~~made at any filing office~~ submitted to the secretary of state during regular business
55.4 hours or, if submitted online, at any time.

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

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

55.10 (1) the date of the inquiry;

55.11 (2) the name of the debtor inquired about; and

55.12 (3) identification of the person making the request for inquiry.

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98.31 Sec. 105. Minnesota Statutes 2014, section 336A.09, subdivision 1, is amended to read:

98.32 Subdivision 1. **Procedure.** (a) ~~Oral~~ Online and written inquiries regarding
98.33 information provided by the filing of effective financing statements or lien notices may
98.34 be ~~made at any filing office~~ submitted to the secretary of state during regular business
98.35 hours or, if submitted online, at any time.

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

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

99.6 (1) the date of the inquiry;

99.7 (2) the name of the debtor inquired about; and

99.8 (3) identification of the person making the request for inquiry.

100.12 Sec. 107. **[383B.83] LIMITS ON RAILROAD CONDEMNATION POWERS**
100.13 **OVER CERTAIN GOVERNMENTAL PROPERTY INTERESTS.**

100.14 Notwithstanding anything to the contrary in chapter 117, sections 222.26, 222.27,
100.15 222.36, or any other law, the powers of a railroad corporation or a railroad company
100.16 or a railroad interest acting as a public service corporation or a common carrier do not
100.17 include the power to exercise eminent domain over a property interest owned by Hennepin
100.18 County, the Hennepin County Housing and Redevelopment Authority, or the Hennepin
100.19 County Regional Railroad Authority if such governmental power, by resolution of its
100.20 governing board, determines based on findings that the public safety or access of first
100.21 responders would be detrimentally affected by the exercise.

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

100.23 Sec. 108. Minnesota Statutes 2014, section 471.6161, subdivision 8, is amended to read:

100.24 Subd. 8. **School districts; group health insurance coverage.** (a) Any entity
100.25 providing group health insurance coverage to a school district must provide the school
100.26 district with school district-specific nonidentifiable aggregate claims records for the most
100.27 recent 24 months within 30 days of the request.

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(b) School districts shall request proposals for group health insurance coverage as provided in subdivision 2 from a minimum of three potential sources of coverage. One of these requests must go to an administrator governed by chapter 43A. Entities referenced in subdivision 1 must respond to requests for proposals received directly from a school district. School districts that are self-insured must also follow these provisions, except as provided in paragraph (f). School districts must make requests for proposals at least 150 days prior to the expiration of the existing contract but not more frequently than once every 24 months. The request for proposals must include the most recently available 24 months of nonidentifiable aggregate claims data. The request for proposals must be publicly released at or prior to its release to potential sources of coverage.

(c) School district contracts for group health insurance must not be longer than two years unless the exclusive representative of the largest employment group and the school district agree otherwise.

(d) All initial proposals shall be sealed upon receipt until they are all opened no less than 90 days prior to the plan's renewal date in the presence of up to three representatives selected by the exclusive representative of the largest group of employees. Section 13.591, subdivision 3, paragraph (b), applies to data in the proposals. The representatives of the exclusive representative must maintain the data according to this classification and are subject to the remedies and penalties under sections 13.08 and 13.09 for a violation of this requirement.

(e) A school district, in consultation with the same representatives referenced in paragraph (d), may continue to negotiate with any entity that submitted a proposal under paragraph (d) in order to reduce costs or improve services under the proposal. Following the negotiations any entity that submitted an initial proposal may submit a final proposal incorporating the negotiations, which is due no less than 75 days prior to the plan's renewal date. All the final proposals submitted must be opened at the same time in the presence of up to three representatives selected by the exclusive representative of the largest group of employees. Notwithstanding section 13.591, subdivision 3, paragraph (b), following the opening of the final proposals, all the proposals, including any made under paragraph (d), and other data submitted in connection with the proposals are public data. The school district may choose from any of the initial or final proposals without further negotiations and in accordance with subdivision 5, but not sooner than 15 days after the proposals become public data.

(f) School districts that are self-insured shall follow all of the requirements of this section, except that:

(1) their requests for proposals may be for third-party administrator services, where applicable;

(2) these requests for proposals must be from a minimum of three different sources, which may include both entities referenced in subdivision 1 and providers of third-party administrator services;

(3) for purposes of fulfilling the requirement to request a proposal for group insurance coverage from an administrator governed by chapter 43A, self-insured districts are not required to include in the request for proposal the coverage to be provided;

(4) a district that is self-insured on or before the date of enactment, or that is self-insured with more than 1,000 insured lives, or a district in which the school board adopted a motion on or before May 14, 2014, to approve a self-insured health care plan to be effective July 1, 2014, may, but need not, request a proposal from an administrator governed by chapter 43A;

(5) requests for proposals must be sent to providers no less than 90 days prior to the expiration of the existing contract; and

(6) proposals must be submitted at least 60 days prior to the plan's renewal date and all proposals shall be opened at the same time and in the presence of the exclusive representative, where applicable.

(g) Nothing in this section shall restrict the authority granted to school district boards of education by section 471.59, except that districts will not be considered self-insured for purposes of this subdivision solely through participation in a joint powers arrangement.

(h) An entity providing group health insurance to a school district under a multiyear contract must give notice of any rate or plan design changes applicable under the contract at least 90 days before the effective date of any change. The notice must be given to the school district and to the exclusive representatives of employees.

(i) Notwithstanding the provisions of section 43A.316, subdivision 10, school employees and their employers insured through chapter 43A are subject to the requirements of this section.

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

Sec. 109. Minnesota Statutes 2014, section 473.123, subdivision 2a, is amended to read:

Subd. 2a. **Terms.** Following each apportionment of council districts, as provided under subdivision 3a, council members must be appointed from newly drawn districts as provided in subdivision 3a. ~~Each council member, other than the chair, must reside in the council district represented. Each council district must be represented by one member of the council.~~ The terms of members ~~end with the term of the governor~~ are staggered as follows: members representing even-numbered districts have terms ending the first Monday in January of the year ending in the numeral "7"; and members representing odd-numbered districts have terms ending the first Monday in January of the year ending in the numeral "5." Thereafter the term of each member is four years, with terms ending the first Monday in January, except that all terms expire on the effective date of the next apportionment. ~~A member serves at the pleasure of the governor.~~ A member shall continue to serve the member's district until a successor is appointed and qualified; except that, following each apportionment, the member shall continue to serve at large until the governor appoints 16 council members, one from each of the newly drawn council districts as provided under subdivision 3a, to serve terms as provided under this section. The appointment to the council must be made by the first Monday in March of the year in which the term ends.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 110. Minnesota Statutes 2014, section 473.123, subdivision 3, is amended to read:

Subd. 3. **Membership; appointment; qualifications.** (a) Sixteen members must be appointed by the governor from districts defined by this section. Each council member must reside in the council district represented. Each council district must be represented by one member of the council. Each Metropolitan Council member must be an elected city council member or mayor, or county commissioner. A Metropolitan Council member's office becomes vacant if the person appointed to that position ceases to be an elected city council member or mayor, or county commissioner.

(b) In addition to the notice required by section 15.0597, subdivision 4, notice of vacancies and expiration of terms must be published in newspapers of general circulation in the metropolitan area and the appropriate districts. The governing bodies of the statutory and home rule charter cities, counties, and towns having territory in the district for which a member is to be appointed must be notified in writing. The notices must describe the appointments process and invite participation and recommendations on the appointment.

(c) ~~The governor shall create a nominating committee, composed~~ A committee of seven metropolitan citizens ~~appointed by the governor, to~~ shall nominate persons for appointment to the council from districts. Three of the committee members must be local elected officials appointed by the Association of Metropolitan Municipalities, one must be a county commissioner appointed by the Association of Minnesota Counties, and three must be appointed by the governor. Following the submission of applications as provided under section 15.0597, subdivision 5, the nominating committee shall conduct public meetings, after appropriate notice, to accept statements from or on behalf of persons who have applied or been nominated for appointment and to allow consultation with and secure the advice of the public and local elected officials. The committee shall hold the meeting on each appointment in the district or in a reasonably convenient and accessible location in the part of the metropolitan area in which the district is located. The committee may consolidate meetings. Following the meetings, the committee shall submit to the governor a list of nominees for each appointment. The governor is not required to appoint from the list.

(d) Before making an appointment, the governor shall consult with all members of the legislature from the council district for which the member is to be appointed.

(e) Appointments to the council are subject to the advice and consent of the senate as provided in section 15.066.

(f) Members of the council must be appointed to reflect fairly the various demographic, political, and other interests in the metropolitan area and the districts.

(g) Members of the council must be persons knowledgeable about urban and metropolitan affairs.

(h) Any vacancy in the office of a council member shall immediately be filled for the unexpired term. In filling a vacancy, the governor may forgo the requirements of paragraph (c) if the governor has made appointments in full compliance with the requirements of this subdivision within the preceding 12 months.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 111. Minnesota Statutes 2014, section 473.123, subdivision 4, is amended to read:

Subd. 4. **Chair; appointment, officers, selection; duties and compensation.** (a) The chair of the Metropolitan Council shall be ~~appointed~~ elected by the ~~governor~~ 16 members of the council as the 17th voting member thereof by and with the advice and consent of the senate to serve at the pleasure of the ~~governor~~ council to represent the metropolitan area at large. Senate confirmation shall be as provided by section 15.066.

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The chair of the Metropolitan Council shall, if present, preside at meetings of the council, have the primary responsibility for meeting with local elected officials, serve as the principal legislative liaison, present to the governor and the legislature, after council approval, the council's plans for regional governance and operations, serve as the principal spokesperson of the council, and perform other duties assigned by the council or by law.

(b) The Metropolitan Council shall elect other officers as it deems necessary for the conduct of its affairs for a one-year term. A secretary and treasurer need not be members of the Metropolitan Council. Meeting times and places shall be fixed by the Metropolitan Council and special meetings may be called by a majority of the members of the Metropolitan Council or by the chair. The chair and each Metropolitan Council member shall be reimbursed for actual and necessary expenses.

(c) Each member of the council shall attend and participate in council meetings and meet regularly with local elected officials and legislative members from the council member's district. Each council member shall serve on at least one division committee for transportation, environment, or community development.

(d) In the performance of its duties the Metropolitan Council may adopt policies and procedures governing its operation, establish committees, and, when specifically authorized by law, make appointments to other governmental agencies and districts.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. The term of the chair of the Metropolitan Council serving on the effective date of this section ends on that date, but the chair may continue serving until a new chair is elected by the council under this section.

Sec. 112. Minnesota Statutes 2014, section 473J.07, subdivision 3, is amended to read:

Subd. 3. **Compensation.** The authority may compensate its members~~, other than the chair,~~ as provided in section 15.0575. ~~The chair shall receive, unless otherwise provided by other law, a salary in an amount fixed by the authority, and shall be reimbursed for reasonable expenses to the same extent as a member~~ No members of the authority receive a salary.

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

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

Sec. 113. Laws 2013, chapter 142, article 1, section 10, is amended to read:

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

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

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

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

56.7 Sec. 60. Laws 2014, chapter 287, section 25, is amended to read:
56.8 Sec. 25. **PARKING RAMP; REQUIRED USER FINANCING.**

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

56.16 Sec. 61. **CAPITOL ROOM NUMBERS.**

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

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

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

109.8 Sec. 120. **PARKING RAMP FINANCING.**

109.9 The debt service on the design and construction costs allocated to the parking garage
109.10 located on the block bounded by Sherburne Avenue on the north, Park Street on the west,
109.11 University Avenue on the south, and North Capitol Boulevard on the east must be paid
109.12 for exclusively by fees charged to persons parking in that parking garage. No fees may
109.13 be charged to members of the public parking in spaces designated for persons with a
109.14 disability parking certificate.

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

Sec. 62. **IN-LIEU OF RENT EVALUATION.**

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

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

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

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

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

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

Sec. 63. **RULEMAKING.**

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

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

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

Sec. 64. **STATE AGENCY TECHNOLOGY PROJECTS.**

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

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Sec. 114. Laws 2015, chapter 3, section 4, is amended to read:

Sec. 4. **AGENCY HEAD SALARY FREEZE.**

Notwithstanding Minnesota Statutes, section 15A.0815, subdivisions 1 and 5, the salary rate for positions listed in Minnesota Statutes, section 15A.0815, for positions appointed by the governor, may not be set at a salary rate in excess of the previous calendar year. The salary of the chair of the Metropolitan Council is $61,414, unless changed under the process in Minnesota Statutes, section 15A.0815, subdivision 5.

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

Sec. 115. **LIMIT ON AGENCY HEAD SALARY INCREASE.**

The percentage increase in salary granted to an agency head listed in Minnesota Statutes, section 15A.0815, who is appointed by the governor may not exceed the lesser of: (1) the percentage increase in Minnesota median household income, as determined by the American Community Survey compiled by the United States Bureau of the Census, for the most recent 12-month period for which data is available; or (2) the percentage increase in the consumer price index, as determined by the United States Bureau of Economic Analysis, for the most recent 12-month period for which data is available.

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

Sec. 116. **LEGISLATIVE SURROGACY COMMISSION.**

Subdivision 1. **Membership.** The Legislative Commission on Surrogacy shall consist of 15 members, appointed as follows:

(1) three members of the senate appointed by the senate majority leader;

(2) three members of the senate appointed by the senate minority leader;

(3) three members of the house of representatives appointed by the speaker of the house of representatives;

(4) three members of the house of representatives appointed by the house of representatives minority leader;

(5) the commissioner of human services or the commissioner's designee;

(6) the commissioner of health or the commissioner's designee; and

(7) a family court referee appointed by the chief justice of the state Supreme Court.

Appointments must be made by June 1, 2015.

Subd. 2. **Chair.** The commission shall elect a chair from among its members.

Subd. 3. **Meetings.** The ranking majority member of the commission who is appointed by the senate majority leader shall convene the first meeting by July 1, 2015. The commission shall have at least six meetings but may not have more than ten meetings.

Subd. 4. **Conflict of interest.** A commission member may not participate in or vote on a decision of the commission in which the member has either a direct or indirect personal financial interest. A witness at a public meeting of the commission must disclose any financial conflict of interest.

Subd. 5. **Duties.** The commission shall develop recommendations on public policy and laws regarding surrogacy. To develop the recommendations, the commission shall study surrogacy through public hearings, research, and deliberation. Topics for study include, but are not limited to:

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107.23 (1) potential health and psychological effects and benefits on women who serve
107.24 as surrogates;

107.25 (2) potential health and psychological effects and benefits on children born of
107.26 surrogates;

107.27 (3) business practices of the fertility industry, including attorneys, brokers, and
107.28 clinics;

107.29 (4) considerations related to different forms of surrogacy;

107.30 (5) considerations related to the potential exploitation of women in surrogacy
107.31 arrangements;

107.32 (6) contract law implications when a surrogacy contract is breached;

107.33 (7) potential conflicts with statutes governing private adoption and termination
107.34 of parental rights;

108.1 (8) potential for legal conflicts related to third-party reproduction, including conflicts
108.2 between or amongst the surrogate mother, the intended parents, the child, insurance
108.3 companies, and medical professionals;

108.4 (9) public policy determinations of other jurisdictions with regard to surrogacy; and

108.5 (10) information to be provided to a child born of a surrogate about the child's
108.6 biological and gestational parents.

108.7 Subd. 6. **Reporting.** The commission must submit a report including its
108.8 recommendations and may draft legislation to implement its recommendations to the chairs
108.9 and ranking minority members of the legislative committees with primary jurisdiction
108.10 over health and judiciary in the house and senate by December 15, 2015. On topics where
108.11 the commission fails to reach consensus, a majority and minority report shall be issued.

108.12 Subd. 7. **Staffing.** The Legislative Coordinating Commission shall provide staffing
108.13 and administrative support to the commission.

108.14 Subd. 8. **Expiration.** The commission expires the day after submitting the report
108.15 required under subdivision 6.

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

58.5 Sec. 65. **SOCCER STADIUM.**

58.6 No state funds may be appropriated or tax expenditures used to fund the construction
58.7 of a new major league soccer stadium. The state may not incur debt of the state to fund
58.8 construction of a new major league soccer stadium.

108.17 Sec. 117. **SOCCER STADIUM.**

108.18 No state funds may be appropriated or tax expenditures used to fund the construction
108.19 of a new major league soccer stadium. The state may not incur debt of the state to fund
108.20 construction of a new major league soccer stadium.

108.21 Sec. 118. **LIMIT ON INCREASE IN MANAGERIAL COMPENSATION.**

Senate Language S0888-3

House Language UES0888-2

During the biennium ending June 30, 2017, an employee covered by the managerial plan in Minnesota Statutes, section 43A.18, subdivision 3, may not be granted a percentage increase in annual salary that exceeds the lesser of: (1) the percentage increase in Minnesota median household income, as determined by the American Community Survey compiled by the United States Bureau of the Census, for the most recent 12-month period for which data is available; or (2) the percentage increase in the consumer price index, as determined by the United States Bureau of Economic Analysis, for the most recent 12-month period for which data is available.

Sec. 119. **LIMIT ON EXPENDITURES FOR ADVERTISING.**

During the biennium ending June 30, 2017, an executive branch agency's spending on advertising and promotions may not exceed 90 percent of the amount the agency spent on advertising and promotions during the biennium ending June 30, 2015. The commissioner of management and budget must ensure compliance with this limit, and may issue guidelines and policies to executive agencies. The commissioner may forbid an agency from engaging in advertising as the commissioner determines is necessary to ensure compliance with this section. This section does not apply to the Minnesota Lottery or Explore Minnesota Tourism. Spending during the biennium ending June 30, 2017, on advertising relating to a declared emergency, an emergency, or a disaster, as those terms are defined in Minnesota Statutes, section 12.03, is excluded for purposes of this section.

Sec. 121. **METROPOLITAN COUNCIL APPOINTMENTS; IMMEDIATE TRANSITION TO STAGGERED TERMS.**

For members serving on the Metropolitan Council on the effective date of this section, other than the chair, members representing even-numbered districts shall serve terms ending the first Monday in January 2019, and members representing odd-numbered districts shall serve terms ending the first Monday in January 2017. Thereafter the term of each member is four years, with terms ending the first Monday in January.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 122. **REPORT ON AGENCY CHIEF INFORMATION OFFICERS.**

The chief information officer of MN.IT must report to the legislature by January 15, 2016, on reduction in the number of chief information officers (CIOs) in state agencies. The report must include the number of CIOs on July 1, 2015, the number on January 15, 2016, and plans to reduce that number.

Sec. 123. **TRANSITION.**

Senate Language S0888-3

58.9 Sec. 66. **REVISOR'S INSTRUCTION.**

58.10 The revisor of statutes shall change the word "sanitation" to "infection control" and
58.11 the word "lapsed" to "expired" wherever they appear in Minnesota Statutes, chapter 155A,
58.12 or Minnesota Rules, chapter 2105 or 2110.

58.13 Sec. 67. **REPEALER.**

House Language UES0888-2

109.31 (a) Members of an ethnic council specified in new Minnesota Statutes, section
109.32 15.0145, on July 1, 2015, continue to serve on the council until the end of their current
110.1 term. However, if a member of a council has served eight years or more on the council
110.2 at any time before December 31, 2015, the term of that member expires December 31,
110.3 2015. If a council has more members on July 1, 2015, than is provided for by Minnesota
110.4 Statutes, section 15.0145, positions on the council shall not be filled until the expiration of
110.5 a term results in fewer members on the council than provided for in Minnesota Statutes,
110.6 section 15.0145. Membership qualifications newly specified in Minnesota Statutes, section
110.7 15.0145, must be complied with as soon as possible when terms of current members expire.

110.8 (b) The Legislative Coordinating Commission must appoint an executive director
110.9 for each council no later than November 15, 2015. An incumbent executive director of a
110.10 council may apply to be appointed by the Legislative Coordinating Commission but, if
110.11 not selected, the employment of the incumbent ends when the Legislative Coordinating
110.12 Commission appoints a new executive director, or on another date determined by the
110.13 Legislative Coordinating Commission. Other council staff are transferred to employment
110.14 with the reformulated councils specified in Minnesota Statutes, section 15.0145.

110.15 Sec. 124. **REVISOR'S INSTRUCTION.**

110.20 (c) In the next and subsequent edition of Minnesota Statutes, the Revisor of Statutes
110.21 shall substitute a reference to section 6.481 for each reference to section 6.48.

110.22 Sec. 125. **REVISOR INSTRUCTION.**

110.23 (a) In the next and subsequent editions of Minnesota Statutes, the revisor of statutes
110.24 shall substitute the names of councils as follows in each place where the names occur:

110.25 (1) Minnesota African Heritage Council, in place of Council on Black Minnesotans;
110.26 and

110.27 (2) Minnesota Council on Latino Affairs, in place of Council on Affairs of
110.28 Chicano/Latino People.

110.29 (b) The revisor of statutes shall change cross-references to sections 3.9223, 3.9225,
110.30 and 3.9226, with Minnesota Statutes, section 15.0145, and make changes necessary to
110.31 correct punctuation, grammar, or sentence structure.

Senate Language S0888-3

House Language UES0888-2

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

Sec. 126. **REPEALER.**

(a) Minnesota Statutes 2014, sections 10A.25, subdivisions 1, 2, 2a, 3, 3a, 5, and 10; 10A.255, subdivisions 1 and 3; 10A.27, subdivision 11; 10A.30; 10A.31, subdivisions 1, 3, 3a, 4, 5, 5a, 6, 6a, 7, 7a, 10, 10a, 10b, and 11; 10A.315; 10A.321; 10A.322, subdivisions 1 and 2; 10A.323; and 10A.324, subdivisions 1 and 3, and Minnesota Rules, parts 4503.1400, subparts 2, 3, 5, 6, 7, 8, and 9; and 4503.1450, are repealed. This paragraph is effective July 1, 2015, and applies to elections held on or after that date. Amounts designated under section 10A.31 on income tax and property tax refund returns filed after June 30, 2015, are not effective and remain in the general fund.

(b) Minnesota Statutes 2014, sections 3.886; 6.48; 349A.07, subdivision 6; and 375.23, are repealed.

(d) Minnesota Statutes 2014, sections 3.9223; 3.9225; and 3.9226, subdivisions 1, 2, 3, 4, 5, 6, and 7, are repealed.

ARTICLE 3
MILITARY AND VETERANS AFFAIRS

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

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

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

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

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

(1) grants to veterans service organizations;

(2) outreach to underserved veterans;

Sec. 62. Minnesota Statutes 2014, section 190.19, subdivision 2a, is amended to read:

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

(1) grants to veterans service organizations;

(2) outreach to underserved veterans;

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(3) providing services and programs for veterans and their families; ~~and~~

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

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

(6) grants to an eligible foundation.

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

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

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

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

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

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

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

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

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

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

(b) The adjutant general shall make grants to local units of government to reimburse them for salary and benefits paid to public safety employees on authorized leave under this section.

House Language UES0888-2

(3) providing services and programs for veterans and their families; ~~and~~

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

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

(6) grants to an eligible foundation.

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

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

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

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(c) To be eligible for state reimbursement of the amount of salary and benefits paid for the preceding calendar year as determined under this subdivision, the local unit of government shall apply to the adjutant general by March 15. By July 15, the adjutant general shall pay the reimbursement grants to the local units of government.

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

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

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

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

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

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

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

(b) Eligibility for the bonus is limited to a member of the National Guard who:

House Language UES0888-2

Sec. 63. Minnesota Statutes 2014, section 192.38, subdivision 1, is amended to read:

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

Sec. 64. Minnesota Statutes 2014, section 192.501, is amended by adding a subdivision to read:

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

(b) Eligibility for the bonus is limited to a member of the National Guard who:

Senate Language S0888-3

(1) is serving satisfactorily as determined by the adjutant general;

(2) has 16 or fewer years of services creditable for retirement; and

(3) undergoes military training deemed by the adjutant general as sufficiently important to the readiness of the National Guard or a unit of the National Guard to warrant the payment of a bonus in an amount to generally encourage the member's participation in the training.

The adjutant general may, within the limitations of this paragraph and other applicable laws, determine additional eligibility criteria for the bonus, and must specify all of the criteria in regulations and publish changes as necessary.

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

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

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

197.133 DISPOSAL OF PROPERTY AND EXPIRATION OF BOARD OF GOVERNORS.

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

House Language 15-1383

(1) is serving satisfactorily as determined by the adjutant general;

(2) has 16 or fewer years of service creditable for retirement; and

(3) undergoes military training deemed by the adjutant general as sufficiently important to the readiness of the National Guard or a unit of the National Guard to warrant the payment of a bonus in an amount to generally encourage the member's participation in such training. The adjutant general may, within the limitations of this paragraph and other applicable laws, determine additional eligibility criteria for the bonus, and must specify all of the criteria in regulations and publish changes as necessary.

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

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

(H.F. 134)

15-1383

Section 1. Minnesota Statutes 2014, section 197.133, is amended to read:

197.133 DISPOSAL OF PROPERTY AND EXPIRATION OF BOARD OF GOVERNORS.

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

Senate Language S0888-3

(b) Proceeds realized from the disposal of the property and any assets on hand at the time of the disposal of the property, must be placed in an irrevocable trust to be used for the initiation or maintenance of veterans programs in the state of Minnesota. Trustees must be appointed in the same manner as provided for under Minnesota Statutes 2014, section 197.131. The trustees shall consult with the commissioner of veterans affairs to determine the needs of Minnesota veterans and provide the commissioner with an annual written report on the trust. The commissioner must approve all expenditures from the trust. A certified audit of all assets, expenditures, and property must be conducted prior to any disposition of any assets under the control of the board. Any board member who would benefit directly or indirectly financially from the sale of this property must be removed by the board and a successor appointed as provided by Minnesota Statutes 2014, section 197.131. Upon final disposition of all assets to the trust, the board must disband. Should the assets of the trust be exhausted, the trust must be terminated.

(c) The trustees appointed under paragraph (b) shall have the exclusive authority to remove a trustee of the trust established under paragraph (b). A trustee may be removed at any time without cause upon a majority vote of the trustees with consent of the commissioner of veterans affairs.

(d) A vacancy in a trusteeship of the trust established under paragraph (b) must be filled for the remainder of the unexpired term in the same manner as the original appointment.

House Language UES0888-2

(b) Proceeds realized from the disposal of the property and any assets on hand at the time of the disposal of the property, must be placed in an irrevocable trust to be used for the initiation or maintenance of veterans programs in the state of Minnesota. Trustees must be appointed in the same manner as provided for under Minnesota Statutes 2014, section 197.131. The trustees shall consult with the commissioner of veterans affairs to determine the needs of Minnesota veterans and provide the commissioner with an annual written report on the trust. The commissioner must approve all expenditures from the trust. A certified audit of all assets, expenditures, and property must be conducted prior to any disposition of any assets under the control of the board. Any board member who would benefit directly or indirectly financially from the sale of this property must be removed by the board and a successor appointed as provided by Minnesota Statutes 2014, section 197.131. Upon final disposition of all assets to the trust, the board must disband. Should the assets of the trust be exhausted, the trust must be terminated.

(c) The trustees appointed under paragraph (b) shall have the exclusive authority to remove a trustee of the trust established under paragraph (b). A trustee may be removed at any time without cause upon a majority vote of the trustees with consent of the commissioner of veterans affairs.

(d) A vacancy in a trusteeship of the trust established under paragraph (b) must be filled for the remainder of the unexpired term in the same manner as the original appointment.

UES0888-2

Sec. 65. Minnesota Statutes 2014, section 197.46, is amended to read:

197.46 VETERANS PREFERENCE ACT; REMOVAL FORBIDDEN; RIGHT OF MANDAMUS.

(a) Any person whose rights may be in any way prejudiced contrary to any of the provisions of this section, shall be entitled to a writ of mandamus to remedy the wrong. No person holding a position by appointment or employment in the several counties, cities, towns, school districts and all other political subdivisions in the state, who is a veteran separated from the military service under honorable conditions, shall be removed from such position or employment except for incompetency or misconduct shown after a hearing, upon due notice, upon stated charges, in writing.

(b) Any veteran who has been notified of the intent to discharge the veteran from an appointed position or employment pursuant to this section shall be notified in writing of such intent to discharge and of the veteran's right to request a hearing within 60 days of receipt of the notice of intent to discharge. The failure of a veteran to request a hearing within the provided 60-day period shall constitute a waiver of the right to a hearing. Such failure shall also waive all other available legal remedies for reinstatement.

Senate Language S0888-3

House Language UES0888-2

Request for a hearing concerning such a discharge shall be made in writing and submitted by mail or personal service to the employment office of the concerned employer or other appropriate office or person. If the veteran requests a hearing under this section, such written request must also contain the veteran's election to be heard by a civil service board or commission, a merit authority, or a three-person panel as defined in paragraph (c). If the veteran fails to identify the veteran's election, the governmental subdivision may select the hearing body.

~~In all governmental subdivisions having an established civil service board or commission, or merit system authority, such hearing for removal or discharge shall be held before such civil service board or commission or merit system authority. Where no such civil service board or commission or merit system authority exists, such hearing shall be held by~~ (c) Hearings under this section shall be held by a civil service board or commission, a merit system authority, or a board of three persons appointed as follows: one by the governmental subdivision, one by the veteran, and the third by the two so selected. In ~~the event that~~ all governmental subdivisions having an established civil service board or commission or merit system authority, the veteran shall elect which body will hold the hearing. If the ~~hearing is authorized to be~~ veteran chooses to have the hearing held before a three-person board, ~~the governmental subdivision's notice of intent to discharge shall state that~~ the veteran must respond within 60 days of receipt of the notice of intent to discharge, and provide in writing to the governmental subdivision the name, United States mailing address, and telephone number of the veteran's selected representative for the three-person board. The failure of a veteran to submit the name, address, and telephone number of the veteran's selected representative to the governmental subdivision by mail or by personal service within the provided notice's 60-day period, shall constitute a waiver of the veteran's right to the hearing and all other legal remedies available for reinstatement of the veteran's employment position. In the event the two persons selected by the veteran and governmental subdivision do not appoint the third person within ten days after the appointment of the last of the two, then the judge of the district court of the county wherein the proceeding is pending, or if there be more than one judge in said county then any judge in chambers, shall have jurisdiction to appoint, and upon application of either or both of the two so selected shall appoint, the third person to the board and the person so appointed by the judge with the two first selected shall constitute the board.

(d) Either the veteran or the governmental subdivision may appeal from the decision of the board upon the charges to the district court by causing written notice of appeal, stating the grounds thereof, to be served upon the other party within 15 days after notice of the decision and by filing the original notice of appeal with proof of service thereof in the office of the court administrator of the district court within ten days after service thereof. Nothing in section 197.455 or this section shall be construed to apply to the position of private secretary, superintendent of schools, or one chief deputy of any elected official or head of a department, or to any person holding a strictly confidential relation to the appointing officer. ~~Nothing in this section shall be construed to apply to the position of teacher.~~ The burden of establishing such relationship shall be upon the appointing officer in all proceedings and actions relating thereto.

(e) The governmental subdivision shall bear all administrative costs associated with the hearing. If the veteran prevails, the governmental subdivision shall pay the veteran's reasonable attorney fees.

(f) All officers, boards, commissions, and employees shall conform to, comply with, and aid in all proper ways in carrying into effect the provisions of section 197.455 and this section notwithstanding any laws, charter provisions, ordinances or rules to the contrary. Any willful violation of such sections by officers, officials, or employees is a misdemeanor.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all notices of intent to discharge issued on or after that date.

Sec. 66. **[197.987] HONOR AND REMEMBER FLAG.**

Subdivision 1. **Legislative findings.** The legislature of the state of Minnesota finds and determines that:

(1) since the Revolutionary War, more than 1,000,000 members of the United States armed forces have paid the ultimate price by sacrificing their lives in active military service for the United States of America;

(2) the contribution made by those fallen members of the armed forces is deserving of state and national recognition; and

(3) the Honor and Remember Flag is an appropriate symbol that acknowledges the selfless sacrifice of those members of the United States armed forces.

Senate Language S0888-3

House Language UES0888-2

Subd. 2. **Designation.** The Honor and Remember Flag created by Honor and Remember, Inc., is designated as the symbol of our state's concern and commitment to honoring and remembering the lives of all members of the United States armed forces who have lost their lives in the line of duty while serving honorably in active military service in the United States armed forces or of a service-connected cause due to or aggravated by that service, as determined by the United States Department of Defense or the United States Department of Veterans Affairs.

Subd. 3. **Suggested days for flag display.** (a) The chief administrator of each governmental building or facility within this state, as defined in paragraph (b), is encouraged to display the Honor and Remember Flag on the following days each year:

(1) Armed Forces Day, the third Saturday in May;

(2) Flag Day, June 14;

(3) July 2nd and July 3rd, in remembrance of the 262 soldiers of the 1st Regiment Minnesota Volunteer Infantry who, at the Battle of Gettysburg during the American Civil War, fought so gallantly and successfully to repulse two major Confederate attacks on the main Union line, suffering over 80 percent casualties, thereby turning the battle and the war and helping to preserve the Union itself at that pivotal moment in our nation's history;

(4) July 4th, Independence Day;

(5) the third Friday of September, National POW/MIA Recognition Day;

(6) November 11, Veterans Day;

(7) July 27, Korean War Armistice Day; and

(8) March 29, Vietnam Veterans Day.

(b) For purposes of this section, "governmental building or facility within this state" means the following locations:

(1) the Minnesota State Capitol, the Office of the Governor and each other Minnesota constitutional office, the chambers of the Minnesota Senate and the Minnesota House of Representatives, the Minnesota Supreme Court Building and each Minnesota District Court House, as well as any official state of Minnesota veterans memorial, Minnesota veterans home, or Minnesota veterans cemetery;

(2) to the extent authorized by federal law and regulation, any United States veterans cemetery, veterans memorial, post office, or other federal building, as well as any United States Department of Veterans Affairs medical center, veterans service center, and veterans community-based outreach center; and

(3) any appropriate local government building or facility, as determined by the governing body of that local government.

Senate Language S0888-3

House Language UES0888-2

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

Subd. 2. **Cost of care.** (a) The commissioner shall set out in rules the method of calculating the average cost of care for the domiciliary and nursing care residents. The cost must be determined yearly based upon the average cost per resident taking into account, but not limited to, administrative cost of the homes, the cost of service available to the resident, and food and lodging costs. These average costs must be calculated separately for domiciliary and nursing care residents. The amount charged each resident for maintenance, if anything, must be based on the appropriate average cost of care calculation and the assets and income of the resident but must not exceed the appropriate average cost of care.

(b) Using the authority granted in section 198.003, the commissioner shall set out in rules the method of calculating each domiciliary resident's maintenance charge. This maintenance charge shall establish a personal needs allowance based on each domiciliary resident's monthly income. For the period of July 1, 2015, to June 30, 2016, the personal needs allowance shall not be less than $122 per month. For the period of July 1, 2016, to June 30, 2017, the personal needs allowance shall not be less than $130 per month. Thereafter, the minimum personal needs allowance must be adjusted by multiplying the allowance by one-half of the percentage change of the Consumer Price Index on the first day of each fiscal year.

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

Sec. 9. Minnesota Statutes 2014, section 198.03, subdivision 3, is amended to read:

Subd. 4. **Limitation.** This section may not be construed or interpreted to require any employee to report to work solely for the purpose of providing for the display of the Honor and Remember Flag or any other flag.

Subd. 5. **Implementation.** If a governmental building or facility within this state opts to display the Honor and Remember Flag, the chief administrator of that facility shall prescribe procedures necessary for the display.

Subd. 6. **Flag donation.** Any named public office or public official may accept a donation of one or more Honor and Remember Flags for the purpose of this section.

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

Senate Language S0888-3

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

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

Sec. 10. **REPEALER.**

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

ARTICLE 4
PARI-MUTUEL HORSE RACING

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

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

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

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

House Language UES0888-2

(H.F. 134)

15-1383

Sec. 2. **REPEALER.**

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

UES0888-2

Sec. 68. Minnesota Statutes 2014, section 240.01, subdivision 22, is amended to read:

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

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

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

Senate Language S0888-3

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

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

Sec. 3. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision to read:

Subd. 29. **Handle** "Handle" means the aggregate of all pari-mutuel pools, excluding refundable wagers or cancellations.

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

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

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

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

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

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

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

240.011 APPOINTMENT OF DIRECTOR.

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

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

240.03 COMMISSION POWERS AND DUTIES.

House Language UES0888-2

Sec. 69. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision to read:

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

Sec. 70. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision to read:

Subd. 29. **Handle** "Handle" means the aggregate of all pari-mutuel pools, excluding refundable wagers or cancellations.

Sec. 71. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision to read:

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

Sec. 72. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision to read:

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

Sec. 73. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision to read:

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

Sec. 74. Minnesota Statutes 2014, section 240.011, is amended to read:

240.011 APPOINTMENT OF DIRECTOR.

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

Sec. 75. Minnesota Statutes 2014, section 240.03, is amended to read:

240.03 COMMISSION POWERS AND DUTIES.

Senate Language S0888-3

The commission has the following powers and duties:

(1) to regulate horse racing in Minnesota to ensure that it is conducted in the public interest;

(2) to issue licenses as provided in this chapter;

(3) to enforce all laws and rules governing horse racing;

(4) to collect and distribute all taxes provided for in this chapter;

(5) to conduct necessary investigations and inquiries and to issue subpoenas to compel the attendance of witnesses and the submission of information, documents, ~~and~~ records, and other evidence it deems necessary to carry out its duties;

(6) to supervise the conduct of pari-mutuel betting on horse racing;

(7) to employ and supervise personnel under this chapter;

(8) to determine the number of racing days to be held in the state and at each licensed racetrack;

(9) to take all necessary steps to ensure the integrity of racing in Minnesota; and

(10) to impose fees on the racing and card playing industries sufficient to recover the operating costs of the commission with the approval of the legislature according to section 16A.1283. Notwithstanding section 16A.1283, when the legislature is not in session, the commissioner of management and budget may grant interim approval for any new fees or adjustments to existing fees that are not statutorily specified, until such time as the legislature reconvenes and acts upon the new fees or adjustments. As part of its biennial budget request, the commission must propose changes to its fees that will be sufficient to recover the operating costs of the commission.

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

Subd. 2. **Application.** (a) An application for a class C license must be on a form the commission prescribes and must be accompanied by an affidavit of qualification that the applicant:

~~(a)~~ (1) is not in default in the payment of an obligation or debt to the state under Laws 1983, chapter 214;

~~(b)~~ (2) does not have a felony conviction of record in a state or federal court and does not have a state or federal felony charge pending;

~~(c)~~ (3) is not and never has been connected with or engaged in an illegal business;

~~(d)~~ (4) has never been found guilty of fraud or misrepresentation in connection with racing or breeding;

House Language UES0888-2

The commission has the following powers and duties:

(1) to regulate horse racing in Minnesota to ensure that it is conducted in the public interest;

(2) to issue licenses as provided in this chapter;

(3) to enforce all laws and rules governing horse racing;

(4) to collect and distribute all taxes provided for in this chapter;

(5) to conduct necessary investigations and inquiries and to issue subpoenas to compel the attendance of witnesses and the submission of information, documents, ~~and~~ records, and other evidence it deems necessary to carry out its duties;

(6) to supervise the conduct of pari-mutuel betting on horse racing;

(7) to employ and supervise personnel under this chapter;

(8) to determine the number of racing days to be held in the state and at each licensed racetrack;

(9) to take all necessary steps to ensure the integrity of racing in Minnesota; and

(10) to impose fees on the racing and card playing industries sufficient to recover the operating costs of the commission with the approval of the legislature according to section 16A.1283. Notwithstanding section 16A.1283, when the legislature is not in session, the commissioner of management and budget may grant interim approval for any new fees or adjustments to existing fees that are not statutorily specified, until such time as the legislature reconvenes and acts upon the new fees or adjustments. As part of its biennial budget request, the commission must propose changes to its fees that will be sufficient to recover the operating costs of the commission.

Sec. 76. Minnesota Statutes 2014, section 240.08, subdivision 2, is amended to read:

Subd. 2. **Application.** (a) An application for a class C license must be on a form the commission prescribes and must be accompanied by an affidavit of qualification that the applicant:

~~(a)~~ (1) is not in default in the payment of an obligation or debt to the state under Laws 1983, chapter 214;

~~(b)~~ (2) does not have a felony conviction of record in a state or federal court and does not have a state or federal felony charge pending;

~~(c)~~ (3) is not and never has been connected with or engaged in an illegal business;

~~(d)~~ (4) has never been found guilty of fraud or misrepresentation in connection with racing or breeding;

Senate Language S0888-3

~~(e)~~ (5) has never been found guilty of a violation of law or rule relating to horse racing, pari-mutuel betting or any other form of gambling which is a serious violation as defined by the commission's rules; and

~~(f)~~ (6) has never been found to have knowingly violated ~~a rule or~~ an order of the commission or a law or rule of Minnesota or another jurisdiction relating to horse racing, pari-mutuel betting, or any other form of gambling.

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

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

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

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

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

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

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

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

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~~(e)~~ (5) has never been found guilty of a violation of law or rule relating to horse racing, pari-mutuel betting or any other form of gambling which is a serious violation as defined by the commission's rules; and

~~(f)~~ (6) has never been found to have knowingly violated ~~a rule or~~ an order of the commission or a law or rule of Minnesota or another jurisdiction relating to horse racing, pari-mutuel betting, or any other form of gambling.

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

Sec. 77. Minnesota Statutes 2014, section 240.08, subdivision 4, is amended to read:

Subd. 4. **License issuance and renewal.** If the commission determines that the applicant is qualified for the occupation for which licensing is sought and will not adversely affect the public health, welfare, and safety or the integrity of racing in Minnesota, it may issue a class C license to the applicant. If it makes a similar finding for a renewal of a class C license it may renew the license. Class C licenses are effective ~~for one year.~~ until December 31 of the calendar year for which they are issued. Certain types of class C licenses, to be determined by the commission, are effective until December 31 of the third calendar year for which they have been issued.

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

Sec. 78. Minnesota Statutes 2014, section 240.08, subdivision 5, is amended to read:

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

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

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

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

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

240.10 LICENSE FEES.

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

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

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

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

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

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

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

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

Sec. 79. Minnesota Statutes 2014, section 240.10, is amended to read:

240.10 LICENSE FEES.

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

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

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

Sec. 80. Minnesota Statutes 2014, section 240.13, subdivision 5, is amended to read:

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

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

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

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~~(3)~~ (2) for simulcasts conducted ~~outside of the racing season, 25~~ any day a class A facility is licensed, not less than 37 percent of the takeout remaining after deduction for the state pari-mutuel tax, payment to the breeders fund, and payment to the sending out-of-state racetrack for receipt of the signal ~~and, before January 1, 2005, a further deduction of eight percent of all money in all pools. In the event that wagering on simulcasts outside of the racing season exceeds $125 million in any calendar year, the amount set aside for purses by this formula is increased to 30 percent on amounts between $125,000,000 and $150,000,000 wagered; 40 percent on amounts between $150,000,000 and $175,000,000 wagered; and 50 percent on amounts in excess of $175,000,000 wagered. In lieu of the eight percent deduction, A deduction as agreed to between the licensee and the horsepersons' organization representing the majority of horsepersons racing at the licensee's class A facility during the preceding 12 months, is allowed after December 31, 2004~~.

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

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

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

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

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~~(3)~~ (2) for simulcasts conducted ~~outside of the racing season, 25~~ any day a class A facility is licensed, not less than 37 percent of the takeout remaining after deduction for the state pari-mutuel tax, payment to the breeders fund, and payment to the sending out-of-state racetrack for receipt of the signal ~~and, before January 1, 2005, a further deduction of eight percent of all money in all pools. In the event that wagering on simulcasts outside of the racing season exceeds $125 million in any calendar year, the amount set aside for purses by this formula is increased to 30 percent on amounts between $125,000,000 and $150,000,000 wagered; 40 percent on amounts between $150,000,000 and $175,000,000 wagered; and 50 percent on amounts in excess of $175,000,000 wagered. In lieu of the eight percent deduction, A deduction as agreed to between the licensee and the horsepersons' organization representing the majority of horsepersons racing at the licensee's class A facility during the preceding 12 months, is allowed after December 31, 2004~~.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 81. Minnesota Statutes 2014, section 240.13, subdivision 6, is amended to read:

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Subd. 6. **Simulcasting.** (a) The commission may permit an authorized licensee to conduct simulcasting at the licensee's facility on any day authorized by the commission. All simulcasts must comply with the Interstate Horse Racing Act of 1978, United States Code, title 15, sections 3001 to 3007.

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

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

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

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

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Subd. 6. **Simulcasting.** (a) The commission may permit an authorized licensee to conduct simulcasting at the licensee's facility on any day authorized by the commission. All simulcasts must comply with the Interstate Horse Racing Act of 1978, United States Code, title 15, sections 3001 to 3007.

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

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

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

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

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

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

240.135 CARD CLUB REVENUE.

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

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

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

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

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

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

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

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

Sec. 82. Minnesota Statutes 2014, section 240.135, is amended to read:

240.135 CARD CLUB REVENUE.

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

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

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

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

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

Sec. 83. Minnesota Statutes 2014, section 240.15, subdivision 1, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 84. Minnesota Statutes 2014, section 240.15, subdivision 6, is amended to read:

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

Sec. 85. Minnesota Statutes 2014, section 240.16, subdivision 1, is amended to read:

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

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

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

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

(d) to impose on licensees, for violation of law or commission rules, fines not exceeding ~~$2,000~~ $5,000 and license suspensions not exceeding 90 days;

(e) to recommend to the commission where warranted penalties in excess of those in clause (d);

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

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

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

240.22 FINES.

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

(b) If the commission is the prevailing party in a contested case proceeding, the commission may recover, from amounts to be forwarded under paragraph (a), reasonable attorney fees and costs associated with the contested case.

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

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

240.23 RULEMAKING AUTHORITY.

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

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

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

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

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

(d) to impose on licensees, for violation of law or commission rules, fines not exceeding ~~$2,000~~ $5,000 and license suspensions not exceeding 90 days;

(e) to recommend to the commission where warranted penalties in excess of those in clause (d);

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

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

Sec. 86. Minnesota Statutes 2014, section 240.22, is amended to read:

240.22 FINES.

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

(b) If the commission is the prevailing party in a contested case proceeding, the commission may recover, from amounts to be forwarded under paragraph (a), reasonable attorney fees and costs associated with the contested case.

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

Sec. 87. Minnesota Statutes 2014, section 240.23, is amended to read:

240.23 RULEMAKING AUTHORITY.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

364.09 EXCEPTIONS.

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 106. Minnesota Statutes 2014, section 364.09, is amended to read:

364.09 EXCEPTIONS.

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

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

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

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

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

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

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

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

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

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

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

Sec. 22. **REVISOR'S INSTRUCTION.**

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

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

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

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

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

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

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

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

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

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

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

REVISOR'S INSTRUCTION

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

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

REPEALER

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