

CHAPTER 187—S.F.No. 2060

An act relating to legislative enactments; correcting erroneous, ambiguous, and omitted text and obsolete references; removing redundant, conflicting, and superseded provisions; making miscellaneous corrections to laws, statutes, and rules; amending Minnesota Statutes 2010, sections 5.25, subdivision 1; 12A.04; 12A.08, subdivision 1; 12A.09, subdivision 2; 12A.10, subdivision 1; 12A.12, subdivision 1; 13.383, subdivision 10; 13.6401, subdivision 2; 13.716, subdivision 1; 13.7191, by adding subdivisions; 13.805, subdivision 1; 60A.0811, subdivision 1; 62L.05, subdivision 13; 67A.40, subdivision 1; 82B.195, subdivision 1; 124D.09, subdivision 16; 129D.01; 144.291, subdivision 2; 144A.01, subdivision 4; 145.883, subdivision 1; 145A.12, subdivision 7; 145A.131, subdivision 3; 148D.061; 148D.062, subdivision 4; 148D.063, subdivision 2; 148E.100, subdivision 2a; 148E.105, subdivision 2a; 148E.106, subdivision 2a; 148E.110, subdivision 1a; 148E.115, subdivision 1a; 148E.130, subdivision 1a; 171.306, subdivision 7; 204B.04, subdivision 3; 204B.07, subdivision 1; 204B.11, subdivision 2; 204B.13, subdivision 6; 205.02, subdivision 2; 205A.06, subdivision 1; 214.01, subdivision 2; 216B.1694, subdivision 2; 245.4835, subdivision 1; 256B.0625, subdivision 19c; 256B.0755, subdivision 1; 256B.094, subdivision 6; 256B.69, subdivision 20; 256B.75; 256J.49, subdivision 4; 256L.12, subdivision 6; 270B.14, subdivision 11; 273.1392; 282.08; 297I.06, subdivision 2; 298.018; 299L.03, subdivision 1; 349.15, subdivision 2; 349.151, subdivisions 2, 4a; 349.166, subdivision 1; 352.01, subdivision 11; 352D.05, subdivision 3; 353.46, subdivision 6; 390.32, subdivision 9; 609.131, subdivision 2; Minnesota Statutes 2011 Supplement, sections 12A.05, subdivision 1; 12A.06, subdivision 1; 12A.07, subdivision 1; 60A.206, subdivision 3; 122A.41, subdivision 5; 123B.75, subdivision 5; 124D.10, subdivision 15; 127A.441; 176.307; 256B.021, subdivision 4; 268.035, subdivision 29; 270C.991, subdivision 4; 297A.668, subdivision 7; 297A.70, subdivision 3; 297A.75, subdivision 1; 349.15, subdivision 1; 353.6511, subdivisions 2, 7; 353.667, subdivision 8; 353.668, subdivision 8; 402A.35, subdivision 4; 515B.1-102; 515B.3-105; 515B.3-1151; Laws 2011, First Special Session chapter 8, article 7, section 19; repealing Minnesota Statutes 2010, sections 62Q.10; 148C.04, subdivision 3; 326B.82, subdivision 1; Laws 2011, chapter 22, article 1, section 1; Laws 2011, First Special Session chapter 9, article 6, section 87; Minnesota Rules, part 4604.0600, subpart 2.

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

ARTICLE 1**MISCELLANEOUS CORRECTIONS**

Section 1. Minnesota Statutes 2010, section 5.25, subdivision 1, is amended to read:

Subdivision 1. **Who may be served.** A process, notice, or demand required or permitted by law to be served upon an entity governed by chapter 221, 302A, 303, 317A, 321, 322B, ~~323~~ 323A, 330, 540, or 543 may be served on: (1) the registered agent, if any; (2) if no agent has been appointed then on an officer, manager, or general partner of the entity; or (3) if no agent, officer, manager, or general partner can be found at the address on file with the secretary of state, the secretary of state as provided in this section.

Sec. 2. Minnesota Statutes 2010, section 12A.04, is amended to read:

12A.04 AGRICULTURE.

The commissioner of agriculture may use state appropriations for disaster assistance. The commissioner, in consultation with the chairs of the house of representatives and senate committees with responsibility for agriculture finance, must develop eligibility criteria to distribute disaster assistance to affected agricultural producers according to need. Assistance may be provided for, but is not limited to, the following: livestock investment grants, organic certification assistance, forage production loss offsets for livestock producers, no-interest disaster recovery loans, other costs related to the disaster, and mental health counseling support to farm families and business operators through farm business management programs. To be eligible for disaster assistance under this section, a producer must operate an agricultural operation in the disaster area.

Sec. 3. Minnesota Statutes 2011 Supplement, section 12A.05, subdivision 1, is amended to read:

Subdivision 1. **Reinvest in Minnesota (RIM) conservation easements.** The Board of Water and Soil Resources (board) may use appropriations to acquire easements from landowners on marginal or damaged lands in the disaster area to provide flood attenuation, to restore and protect soil and water resources, and to support related fish and wildlife habitat as provided in section 103F.515.

The board may use appropriations, as provided in law, to implement the program.

Sec. 4. Minnesota Statutes 2011 Supplement, section 12A.06, subdivision 1, is amended to read:

Subdivision 1. **Disaster enrollment impact aid.** As used in this section, "commissioner" means the commissioner of education. The commissioner may pay disaster enrollment impact aid to a school district in an amount set in law times the number of adjusted pupil units lost as a result of the disaster. An eligible district must provide to the commissioner documentation of the number of pupils in average daily membership lost by grade level as a result of the disaster.

Sec. 5. Minnesota Statutes 2011 Supplement, section 12A.07, subdivision 1, is amended to read:

Subdivision 1. **Minnesota investment fund.** As used in this section, "commissioner" means the commissioner of employment and economic development. The commissioner may use state appropriations for grants to local units of government for locally administered grants or loan programs as provided in this section for assistance to eligible organizations directly and adversely affected by the disaster. Funds may be used only to address physical damage to buildings and such personal property as machinery,

equipment, fixtures, and furniture. A loan may not duplicate or replace equivalent assistance available from insurance, other organizations, or government agencies.

Sec. 6. Minnesota Statutes 2010, section 12A.08, subdivision 1, is amended to read:

Subdivision 1. **Commissioner responsibilities.** As used in this section, "commissioner" means the commissioner of health. In disaster-affected communities, the commissioner may provide for necessary assessment and evaluation of the following: access to health care; mental health concerns and needs; infectious disease concerns; indoor environments of public and nonprofit buildings and facilities including nursing homes and mass care facilities; food safety, lodging and shelter; public swimming pools; community and other drinking water systems; and private drinking water supply wells.

Sec. 7. Minnesota Statutes 2010, section 12A.09, subdivision 2, is amended to read:

Subd. 2. **Assistance.** Within the limits of state appropriations, assistance is provided to homeowners and rental property owners as forgivable loans up to a maximum set in law. Loans may be used for capital improvements to housing damaged by the disaster, including rehabilitation, replacement on the owner's site, or replacement on a different site within the disaster area. Loans are forgiven for owner-occupied housing if the home remains the borrower's primary residence for a period of time determined by the housing finance agency to encourage continued residence in the community after the date of the loan. Loans are forgiven for rental properties if the rents remain affordable to the local work force for at least ten years after the date of the loan. The housing finance agency may set income limits in excess of the limits established in section 462A.33, subdivision 5. Eligible applicants for assistance under this subdivision must apply for and accept assistance from federal programs.

Sec. 8. Minnesota Statutes 2010, section 12A.10, subdivision 1, is amended to read:

Subdivision 1. **Costs eligible for payment.** As used in this section, "commissioner" means the commissioner of human services. Notwithstanding the limitations of section 12A.01 and the requirement in section 12A.03 that all appropriations must be used to assist with recovery, the commissioner may pay parties under contract, provider agreement, or other arrangement with the commissioner as of the date of a natural disaster, or the date when action was taken in anticipation of a possible natural disaster or other event that threatens the health and safety of individuals served by a program that receives funding from medical assistance for the costs of evacuation, transportation, medical, remedial, or personal care services provided to vulnerable residents. Costs eligible for payment under this section are those necessary to ensure the health and safety of medical assistance recipients during and up to 60 days following the disaster. Only costs that are not already paid for by another source are eligible. The commissioner may make payments for documented incremental costs incurred by a party, may determine an estimate of the costs at the sole discretion of the commissioner, or may use a combination of these two methods. If after receiving payment from the commissioner for a documented cost, the provider is able to acquire payment from another source for that cost, the provider shall reimburse the commissioner in the amount paid.

Sec. 9. Minnesota Statutes 2010, section 12A.12, subdivision 1, is amended to read:

Subdivision 1. **Facility and natural resource damage.** As used in this section, "commissioner" means the commissioner of natural resources. The commissioner may use

state appropriations to rehabilitate and replace state facilities damaged by the disaster and to restore natural resources in the disaster area.

Sec. 10. Minnesota Statutes 2010, section 60A.0811, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of this section:

(1) "insurance policy" means a commercial or professional insurance policy or contract other than:

(i) a workers' compensation insurance policy or contract;

(ii) a health insurance policy or contract issued, executed, renewed, maintained, or delivered in this state by a health carrier as defined in section 62A.011, subdivision 2;

(iii) a life insurance or disability insurance policy or contract; or

(iv) a policy or contract issued by a township mutual fire insurance company ~~or farmers mutual fire insurance company~~ operating under chapter 65A ~~or 67A~~;

(2) "insured" means any named insured, additional insured, or insured under an insurance policy; and

(3) "insurer" means an insurer:

(i) incorporated or organized in this state; or

(ii) admitted, authorized, or licensed to do business or doing business in this state but not incorporated or organized in this state. Insurer does not include the joint underwriting association operating under chapter 62F or 62I; or a township mutual fire insurance company ~~or farmers mutual fire insurance company~~ operating under chapter 65A ~~or 67A~~.

Sec. 11. Minnesota Statutes 2011 Supplement, section 60A.206, subdivision 3, is amended to read:

Subd. 3. **Standards to be met by insurers.** (a) The commissioner shall recognize the insurer as an eligible surplus lines insurer when satisfied that the insurer is in a stable, unimpaired financial condition and that the insurer is qualified to provide coverage in compliance with sections 60A.195 to 60A.209. If filed with full supporting documentation before July 1 of any year, applications submitted under subdivision 2 shall be acted upon by the commissioner before December 31 of the year of submission.

(b) The commissioner shall not authorize a foreign insurer as an eligible surplus lines insurer unless the insurer:

(1) is domiciled within a United States jurisdiction and authorized to write the type of insurance in its domiciliary jurisdiction; and

(2) ~~qualifies under one of the following items:~~

~~(†)~~ has capital and surplus or its equivalent under the laws of its domiciliary jurisdiction which equals the greater of:

~~(A)~~ (i) the minimum capital and surplus requirements under the laws of Minnesota; or

~~(B)~~ (ii) \$15,000,000, ~~or~~.

(ii) The requirements of item (i)(A) may be satisfied by an insurer's possessing less than the minimum capital and surplus upon an affirmative finding of acceptability by the commissioner. The finding shall be based upon factors such as quality of management, capital and surplus of any parent company, company underwriting profit and investment income trends, market availability, and company record and reputation within the industry. In no event shall the commissioner make an affirmative finding of acceptability when the surplus lines insurer's capital and surplus is less than \$4,500,000.

(c) Eligible surplus lines insurers domiciled within the United States shall file an annual statement and an annual financial audit, under the terms and conditions of section 60A.13, subdivisions 1, 3a, and 6, and are subject to the penalties of section 72A.061, and are subject to section 60A.03, subdivision 5, in regard to those requirements. The commissioner also has the powers provided in section 60A.13, subdivision 2, in regard to eligible surplus lines insurers.

(d) Eligible surplus lines insurers domiciled outside the United States shall file an annual statement on the standard nonadmitted insurers information office financial reporting format as prescribed by the National Association of Insurance Commissioners and an annual financial audit performed by an independent accounting firm. The commissioner shall not prohibit a surplus lines broker from placing nonadmitted insurance with, or procuring nonadmitted insurance from, an alien insurer that is included on the Quarterly Listing of Alien Insurers maintained by the National Association of Insurance Commissioners International Insurers Department.

Sec. 12. Minnesota Statutes 2010, section 62L.05, subdivision 13, is amended to read:

Subd. 13. **Notice of plan availability.** Each health carrier in the small employer market must provide information to small employers regarding the availability of the plans described in subdivisions 2 and 3, and in section ~~62L.056~~ 62Q.188. At a minimum, each health carrier must provide information describing the plans and their availability:

(1) displayed with other small employer product information on the health carrier's public Web site; and

(2) delivered to each small employer currently insured by the health carrier at the time of the small employer's renewal, at the same time and in the same manner as the small employer's renewal information.

Sec. 13. Minnesota Statutes 2010, section 67A.40, subdivision 1, is amended to read:

Subdivision 1. **Organization and purpose.** Not less than six duly licensed township mutual fire insurance companies ~~or farmers mutual fire insurance companies~~ may organize a mutual association for the purpose of reinsuring any part or all of any risk or risks, written by any of the member companies.

Sec. 14. Minnesota Statutes 2010, section 82B.195, subdivision 1, is amended to read:

Subdivision 1. **Compliance with uniform standards of professional appraisal practice.** In addition to an act compelled or prohibited by this chapter, an appraiser must act according to the standards of professional appraisal practice defined in section 82B.021, subdivision ~~3~~ 26.

Sec. 15. Minnesota Statutes 2011 Supplement, section 122A.41, subdivision 5, is amended to read:

Subd. 5. **Development, evaluation, and peer coaching for continuing contract teachers.** (a) To improve student learning and success, a school board and an exclusive representative of the teachers in the district, consistent with paragraph (b), may develop an annual teacher evaluation and peer review process for probationary and nonprobationary teachers through joint agreement. If a school board and the exclusive representative of the teachers in the district do not agree to an annual teacher evaluation and peer review process, then the school board and the exclusive representative of the teachers must implement the plan for evaluation and review developed under paragraph (c). The process must include having trained observers serve as peer coaches or having teachers participate in professional learning communities, consistent with paragraph (b).

(b) To develop, improve, and support qualified teachers and effective teaching practices and improve student learning and success, the annual evaluation process for teachers:

(1) must, for probationary teachers, provide for all evaluations required under subdivision 5.2;

(2) must establish a three-year professional review cycle for each teacher that includes an individual growth and development plan, a peer review process, the opportunity to participate in a professional learning community under paragraph (a), and at least one summative evaluation performed by a qualified and trained evaluator such as a school administrator;

(3) must be based on professional teaching standards established in rule;

(4) must coordinate staff development activities under sections 122A.60 and 122A.61 with this evaluation process and teachers' evaluation outcomes;

(5) may provide time during the school day and school year for peer coaching and teacher collaboration;

(6) may include mentoring and induction programs;

(7) must include an option for teachers to develop and present a portfolio demonstrating evidence of reflection and professional growth, consistent with section 122A.18, subdivision 4, paragraph (b), and include teachers' own performance assessment based on student work samples and examples of teachers' work, which may include video among other activities for the summative evaluation;

(8) must use an agreed upon teacher value-added assessment model for the grade levels and subject areas for which value-added data are available and establish state or local measures of student growth for the grade levels and subject areas for which value-added data are not available as a basis for 35 percent of teacher evaluation results;

(9) must use longitudinal data on student engagement and connection and other student outcome measures explicitly aligned with the elements of curriculum for which teachers are responsible;

(10) must require qualified and trained evaluators such as school administrators to perform summative evaluations;

(11) must give teachers not meeting professional teaching standards under clauses (3) through (10) support to improve through a teacher improvement process that includes established goals and timelines; and

(12) must discipline a teacher for not making adequate progress in the teacher improvement process under clause (11) that may include a last chance warning, termination, discharge, nonrenewal, transfer to a different position, a leave of absence, or other discipline a school administrator determines is appropriate.

Data on individual teachers generated under this subdivision are personnel data under section 13.43.

(c) The department, in consultation with parents who may represent parent organizations and teacher and administrator representatives appointed by their respective organizations, representing the Board of Teaching, the Minnesota Association of School Administrators, the Minnesota School Boards Association, the Minnesota Elementary and Secondary Principals Associations, Education Minnesota, and representatives of the Minnesota Assessment Group, the Minnesota Business Partnership, the Minnesota Chamber of Commerce, and Minnesota postsecondary institutions with research expertise in teacher evaluation, must create and publish a teacher evaluation process that complies with the requirements in paragraph (b) and applies to all teachers under this section and section ~~122A.41~~ 122A.40 for whom no agreement exists under paragraph (a) for an annual teacher evaluation and peer review process. The teacher evaluation process created under this subdivision does not create additional due process rights for probationary teachers under subdivision ~~5.2~~.

Sec. 16. Minnesota Statutes 2011 Supplement, section 123B.75, subdivision 5, is amended to read:

Subd. 5. **Levy recognition.** (a) For fiscal years 2009 and 2010, in June of each year, the school district must recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the sum of May, June, and July school district tax settlement revenue received in that calendar year, plus general education aid according to section 126C.13, subdivision 4, received in July and August of that calendar year; or

(2) the sum of:

(i) 31 percent of the referendum levy certified according to section 126C.17, in calendar year 2000; and

(ii) the entire amount of the levy certified in the prior calendar year according to section 124D.86, subdivision 4, for school districts receiving revenue under sections 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, paragraph (a), and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; ~~126C.457~~, and 126C.48, subdivision 6; plus

(iii) zero percent of the amount of the levy certified in the prior calendar year for the school district's general and community service funds, plus or minus auditor's adjustments, not including the levy portions that are assumed by the state, that remains after subtracting the referendum levy certified according to section 126C.17 and the amount recognized according to item (ii).

(b) For fiscal year 2011 and later years, in June of each year, the school district must recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the sum of May, June, and July school district tax settlement revenue received in that calendar year, plus general education aid according to section 126C.13, subdivision 4, received in July and August of that calendar year; or

(2) the sum of:

(i) the greater of 48.6 percent of the referendum levy certified according to section 126C.17 in the prior calendar year, or 31 percent of the referendum levy certified according to section 126C.17 in calendar year 2000; plus

(ii) the entire amount of the levy certified in the prior calendar year according to section 124D.4531, 124D.86, subdivision 4, for school districts receiving revenue under sections 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, paragraph (a), and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; and 126C.48, subdivision 6; plus

(iii) 48.6 percent of the amount of the levy certified in the prior calendar year for the school district's general and community service funds, plus or minus auditor's adjustments, that remains after subtracting the referendum levy certified according to section 126C.17 and the amount recognized according to item (ii).

Sec. 17. Minnesota Statutes 2010, section 124D.09, subdivision 16, is amended to read:

Subd. 16. **Financial arrangements for courses provided according to agreements.** (a) The agreement between a board and the governing body of a public postsecondary system or private postsecondary institution shall set forth the payment amounts and arrangements, if any, from the board to the postsecondary institution. No payments shall be made by the department according to subdivision 13 ~~or 15~~. For the purpose of computing state aids for a district, a pupil enrolled according to subdivision 10 shall be counted in the average daily membership of the district as though the pupil were enrolled in a secondary course that is not offered in connection with an agreement. Nothing in this subdivision shall be construed to prohibit a public postsecondary system or private postsecondary institution from receiving additional state funding that may be available under any other law.

(b) If a course is provided under subdivision 10, offered at a secondary school, and taught by a secondary teacher, the postsecondary system or institution must not require a payment from the school board that exceeds the cost to the postsecondary institution that is directly attributable to providing that course.

Sec. 18. Minnesota Statutes 2011 Supplement, section 124D.10, subdivision 15, is amended to read:

Subd. 15. **Review and comment.** (a) The authorizer shall provide a formal written evaluation of the school's performance before the authorizer renews the charter contract. The department must review and comment on the authorizer's evaluation process at the time the authorizer submits its application for approval and each time the authorizer undergoes its five-year review under subdivision 3, paragraph ~~(e)~~ (i).

(b) An authorizer shall monitor and evaluate the fiscal, operational, and student performance of the school, and may for this purpose annually assess a charter school a fee according to paragraph (c). The agreed-upon fee structure must be stated in the charter school contract.

(c) The fee that each charter school pays to an authorizer each year is the greater of:

(1) the basic formula allowance for that year; or

(2) the lesser of:

(i) the maximum fee factor times the basic formula allowance for that year; or

(ii) the fee factor times the basic formula allowance for that year times the charter school's adjusted marginal cost pupil units for that year. The fee factor equals .005 in fiscal year 2010, .01 in fiscal year 2011, .013 in fiscal year 2012, and .015 in fiscal years 2013 and later. The maximum fee factor equals 1.5 in fiscal year 2010, 2.0 in fiscal year 2011, 3.0 in fiscal year 2012, and 4.0 in fiscal years 2013 and later.

(d) The department and any charter school it charters must not assess or pay a fee under paragraphs (b) and (c).

(e) For the preoperational planning period, the authorizer may assess a charter school a fee equal to the basic formula allowance.

(f) By September 30 of each year, an authorizer shall submit to the commissioner a statement of expenditures related to chartering activities during the previous school year ending June 30. A copy of the statement shall be given to all schools chartered by the authorizer.

Sec. 19. Minnesota Statutes 2011 Supplement, section 127A.441, is amended to read:

127A.441 AID REDUCTION; LEVY REVENUE RECOGNITION CHANGE.

(a) Each year, the state aids payable to any school district for that fiscal year that are recognized as revenue in the school district's general and community service funds shall be adjusted by an amount equal to (1) the amount the district recognized as revenue for the prior fiscal year pursuant to section 123B.75, subdivision 5, paragraph (a) or (b), minus (2) the amount the district recognized as revenue for the current fiscal year pursuant to section 123B.75, subdivision 5, paragraph (a) or (b). For purposes of making the aid adjustments under this section, the amount the district recognizes as revenue for either the prior fiscal year or the current fiscal year pursuant to section 123B.75, subdivision 5, paragraph (b), shall not include any amount levied pursuant to section 124D.86, subdivision 4, for school districts receiving revenue under sections 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; ~~126C.457~~, and 126C.48, subdivision 6. Payment from the permanent school fund shall not be adjusted pursuant to this section.

(b) The commissioner shall schedule the timing of the adjustments under paragraph (a) as close to the end of the fiscal year as possible.

The school district shall be notified of the amount of the adjustment made to each payment pursuant to this section.

Sec. 20. Minnesota Statutes 2010, section 129D.01, is amended to read:

129D.01 DEFINITIONS.

As used in this chapter, the following terms shall have the definitions given them:

(a) "arts" means activities resulting in the artistic creation or artistic performance of works of the imagination. Artistic activities include but are not limited to the following forms: music, dance, drama, folk art, architecture and allied fields, painting, sculpture, photography, graphic and craft arts, costume and fashion design, motion

pictures, television, radio, tape and sound recording, activities related to the presentation, performance, execution, and exhibition of the art forms, and the study of the arts and their application to the human environment;

(b) "board" means the Board of the Arts;

(c) "director" means the executive director of the board;

(d) "sponsoring organization" means an association, corporation or other group of persons (1) providing an opportunity for citizens of the state to participate in the creation, performance or appreciation of the arts and (2) qualifying as a tax-exempt organization within the meaning of section 290.05, subdivision 1, ~~clause (i)~~ 2; and

(e) "regional arts council" means an autonomous grassroots organization designated by the board to make final decisions on the use of appropriations for local or regional arts development.

Sec. 21. Minnesota Statutes 2010, section 144.291, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For the purposes of sections 144.291 to 144.298, the following terms have the meanings given.

(a) "Group purchaser" has the meaning given in section 62J.03, subdivision 6.

(b) "Health information exchange" means a legal arrangement between health care providers and group purchasers to enable and oversee the business and legal issues involved in the electronic exchange of health records between the entities for the delivery of patient care.

(c) "Health record" means any information, whether oral or recorded in any form or medium, that relates to the past, present, or future physical or mental health or condition of a patient; the provision of health care to a patient; or the past, present, or future payment for the provision of health care to a patient.

(d) "Identifying information" means the patient's name, address, date of birth, gender, parent's or guardian's name regardless of the age of the patient, and other nonclinical data which can be used to uniquely identify a patient.

(e) "Individually identifiable form" means a form in which the patient is or can be identified as the subject of the health records.

(f) "Medical emergency" means medically necessary care which is immediately needed to preserve life, prevent serious impairment to bodily functions, organs, or parts, or prevent placing the physical or mental health of the patient in serious jeopardy.

(g) "Patient" means a natural person who has received health care services from a provider for treatment or examination of a medical, psychiatric, or mental condition, the surviving spouse and parents of a deceased patient, or a person the patient appoints in writing as a representative, including a health care agent acting according to chapter 145C, unless the authority of the agent has been limited by the principal in the principal's health care directive. Except for minors who have received health care services under sections 144.341 to 144.347, in the case of a minor, patient includes a parent or guardian, or a person acting as a parent or guardian in the absence of a parent or guardian.

(h) "Provider" means:

(1) any person who furnishes health care services and is regulated to furnish the services under chapter 147, 147A, 147B, 147C, 147D, 148, 148B, 148C, 148D, 150A, 151, 153, or 153A;

(2) a home care provider licensed under section 144A.46;

(3) a health care facility licensed under this chapter or chapter 144A; and

(4) a physician assistant registered under chapter 147A; ~~and~~

~~(5) an unlicensed mental health practitioner regulated under sections 148B.60 to 148B.71.~~

(i) "Record locator service" means an electronic index of patient identifying information that directs providers in a health information exchange to the location of patient health records held by providers and group purchasers.

(j) "Related health care entity" means an affiliate, as defined in section 144.6521, subdivision 3, paragraph (b), of the provider releasing the health records.

Sec. 22. Minnesota Statutes 2010, section 144A.01, subdivision 4, is amended to read:

Subd. 4. **Controlling person.** "Controlling person" means any public body, governmental agency, business entity, officer, nursing home administrator, or director whose responsibilities include the direction of the management or policies of a nursing home. "Controlling person" also means any person who, directly or indirectly, beneficially owns any interest in:

(a) Any corporation, partnership or other business association which is a controlling person;

(b) The land on which a nursing home is located;

(c) The structure in which a nursing home is located;

(d) Any mortgage, contract for deed, or other obligation secured in whole or part by the land or structure comprising a nursing home; or

(e) Any lease or sublease of the land, structure, or facilities comprising a nursing home.

"Controlling person" does not include:

(a) A bank, savings bank, trust company, savings association, credit union, industrial loan and thrift company, investment banking firm, or insurance company unless the entity directly or through a subsidiary operates a nursing home;

(b) An individual state official or state employee, or a member or employee of the governing body of a political subdivision of the state which operates one or more nursing homes, unless the individual is also an officer or director of a nursing home, receives any remuneration from a nursing home, or owns any of the beneficial interests not excluded in this subdivision;

(c) A natural person who is a member of a tax-exempt organization under section 290.05, ~~subdivision 1, clause (i)~~ subdivision 2, unless the individual is also an officer or director of a nursing home, or owns any of the beneficial interests not excluded in this subdivision; and

(d) A natural person who owns less than five percent of the outstanding common shares of a corporation:

- (1) whose securities are exempt by virtue of section 80A.45, clause (6); or
- (2) whose transactions are exempt by virtue of section 80A.46, clause (7).

Sec. 23. Minnesota Statutes 2010, section 145.883, subdivision 1, is amended to read:

Subdivision 1. **Scope.** For purposes of sections ~~145.881 to~~ 145.882 and 145.883, the terms defined in this section shall have the meanings given them.

Sec. 24. Minnesota Statutes 2010, section 145A.12, subdivision 7, is amended to read:

Subd. 7. **Statewide outcomes.** (a) The commissioner, in consultation with the State Community Health Advisory Committee established under section 145A.10, subdivision 10, paragraph (a), shall establish statewide outcomes for local public health grant funds allocated to community health boards between January 1, 2004, and December 31, 2005.

(b) At least one statewide outcome must be established in each of the following public health areas:

- (1) preventing diseases;
- (2) protecting against environmental hazards;
- (3) preventing injuries;
- (4) promoting healthy behavior;
- (5) responding to disasters; and
- (6) ensuring access to health services.

(c) The commissioner shall use Minnesota's public health goals established under section 62J.212 and the essential public health services under section 145A.10, subdivision 5a, as a basis for the development of statewide outcomes.

(d) The statewide maternal and child health outcomes established under section 145.8821 shall be included as statewide outcomes under this section.

(e) By December 31, 2004, and every five years thereafter, the commissioner, in consultation with the State Community Health Advisory Committee established under section 145A.10, subdivision 10, paragraph (a), ~~and the Maternal and Child Health Advisory Task Force established under section 145.881,~~ shall develop statewide outcomes for the local public health grant established under section 145A.131, based on state and local assessment data regarding the health of Minnesota residents, the essential public health services under section 145A.10, and current Minnesota public health goals established under section 62J.212.

Sec. 25. Minnesota Statutes 2010, section 145A.131, subdivision 3, is amended to read:

Subd. 3. **Accountability.** (a) Community health boards accepting local public health grants must document progress toward the statewide outcomes established in section 145A.12, subdivision 7, to maintain eligibility to receive the local public health grant.

(b) In determining whether or not the community health board is documenting progress toward statewide outcomes, the commissioner shall consider the following factors:

(1) whether the community health board has documented progress to meeting essential local activities related to the statewide outcomes, as specified in the grant agreement;

(2) the effort put forth by the community health board toward the selected statewide outcomes;

(3) whether the community health board has previously failed to document progress toward selected statewide outcomes under this section;

(4) the amount of funding received by the community health board to address the statewide outcomes; and

(5) other factors as the commissioner may require, if the commissioner specifically identifies the additional factors in the commissioner's written notice of determination.

(c) If the commissioner determines that a community health board has not by the applicable deadline documented progress toward the selected statewide outcomes established under section 145.8821 or 145A.12, subdivision 7, the commissioner shall notify the community health board in writing and recommend specific actions that the community health board should take over the following 12 months to maintain eligibility for the local public health grant.

(d) During the 12 months following the written notification, the commissioner shall provide administrative and program support to assist the community health board in taking the actions recommended in the written notification.

(e) If the community health board has not taken the specific actions recommended by the commissioner within 12 months following written notification, the commissioner may determine not to distribute funds to the community health board under section 145A.12, subdivision 2, for the next fiscal year.

(f) If the commissioner determines not to distribute funds for the next fiscal year, the commissioner must give the community health board written notice of this determination and allow the community health board to appeal the determination in writing.

(g) If the commissioner determines not to distribute funds for the next fiscal year to a community health board that has not documented progress toward the statewide outcomes and not taken the actions recommended by the commissioner, the commissioner may retain local public health grant funds that the community health board would have otherwise received and directly carry out essential local activities to meet the statewide outcomes, or contract with other units of government or community-based organizations to carry out essential local activities related to the statewide outcomes.

(h) If the community health board that does not document progress toward the statewide outcomes is a city, the commissioner shall distribute the local public health funds that would have been allocated to that city to the county in which the city is located, if that county is part of a community health board.

(i) The commissioner shall establish a reporting system by which community health boards will document their progress toward statewide outcomes. This system will be developed in consultation with the State Community Health Services Advisory Committee

established in section 145A.10, subdivision 10, paragraph (a), ~~and the Maternal and Child Health Advisory Committee established in section 145.881.~~

Sec. 26. Minnesota Statutes 2010, section 171.306, subdivision 7, is amended to read:

Subd. 7. **Venue.** In addition to the provisions of Rule 24 of the Rules of Criminal Procedure and section 627.01, a violation of subdivision 6 or section 171.09, subdivision 1, paragraph ~~(e)~~ (g), may be prosecuted in:

- (1) the county in which the vehicle involved in the offense is found;
- (2) the county in which the accused resides;
- (3) any county through which the vehicle traveled in the course of the trip during or after which the offense was committed; or
- (4) the county in which the impaired driving incident occurred, which resulted in the accused being issued a driver's license with an ignition interlock restriction.

Sec. 27. Minnesota Statutes 2011 Supplement, section 176.307, is amended to read:

176.307 COMPENSATION JUDGES; BLOCK SYSTEM.

The chief administrative law judge may assign workers' compensation cases to compensation judges using a block system type of assignment that, among other things, ensures that a case will remain with the same judge from commencement to conclusion, except that the judge must be removed from the case when:

- (1) a party exercises a legal right to do so;
- (2) the judge is incapacitated or is otherwise unable to hold a hearing; or
- (3) assignment of a different judge is required by section 176.106, subdivision 7; 176.238, subdivision 6; or 176.305, subdivision 1a₂, or the Minnesota Code of Judicial Conduct.

The block system shall be the preferred means of assigning cases, but it may be supplemented by other systems of case assignment to ensure that cases are timely decided.

Sec. 28. Minnesota Statutes 2010, section 204B.04, subdivision 3, is amended to read:

Subd. 3. **Nomination for nonpartisan office.** No individual shall be nominated by nominating petition for any nonpartisan office ~~except in the event of a vacancy in nomination as provided in section 204B.13.~~

Sec. 29. Minnesota Statutes 2010, section 204B.07, subdivision 1, is amended to read:

Subdivision 1. **Form of petition.** A nominating petition may consist of one or more separate pages each of which shall state:

- (a) the office sought;
- (b) the candidate's name and residence address, including street and number if any; and
- (c) the candidate's political party or political principle expressed in not more than three words. No candidate who files for a partisan office by nominating petition shall use the term "nonpartisan" as a statement of political principle or the name of the candidate's

political party. No part of the name of a major political party may be used to designate the political party or principle of a candidate who files for a partisan office by nominating petition, except that the word "independent" may be used to designate the party or principle. A candidate who files ~~by nominating petition~~ an affidavit of candidacy to fill a vacancy in nomination for a nonpartisan office pursuant to section 204B.13, shall not state any political principle or the name of any political party on the petition.

Sec. 30. Minnesota Statutes 2010, section 204B.11, subdivision 2, is amended to read:

Subd. 2. **Petition in place of filing fee.** At the time of filing an affidavit of candidacy, a candidate may present a petition in place of the filing fee. The petition may be signed by any individual eligible to vote for the candidate. A nominating petition filed pursuant to section 204B.07 ~~or 204B.13, subdivision 4,~~ is effective as a petition in place of a filing fee if the nominating petition includes a prominent statement informing the signers of the petition that it will be used for that purpose.

The number of signatures on a petition in place of a filing fee shall be as follows:

(a) for a state office voted on statewide, or for president of the United States, or United States senator, 2,000;

(b) for a congressional office, 1,000;

(c) for a county or legislative office, or for the office of district judge, 500; and

(d) for any other office which requires a filing fee as prescribed by law, municipal charter, or ordinance, the lesser of 500 signatures or five percent of the total number of votes cast in the municipality, ward, or other election district at the preceding general election at which that office was on the ballot.

An official with whom petitions are filed shall make sample forms for petitions in place of filing fees available upon request.

Sec. 31. Minnesota Statutes 2010, section 204B.13, subdivision 6, is amended to read:

Subd. 6. **Vacancy after deadline.** If a candidate withdraws after the 16th day before the general election but before four days before the general election, the secretary of state shall instruct the election judges to strike the name of the withdrawn candidate from the general election ballot and shall substitute no other candidate's name. Filing officers may not accept a nomination certificate for filing to fill a vacancy in nomination resulting from the filing of an affidavit of withdrawal by a candidate after the 14th day before the general election. ~~Vacancies occurring through death or catastrophic illness after the 16th day before the general election are governed by section 204B.41.~~

Sec. 32. Minnesota Statutes 2010, section 205.02, subdivision 2, is amended to read:

Subd. 2. **City elections.** In all statutory and home rule charter cities, the primary, general and special elections held for choosing city officials and deciding public questions relating to the city shall be held as provided in this chapter, except that sections 205.065, subdivisions 4 to ~~7~~ 6; 205.07, subdivision 3; 205.10; 205.121; and 205.17, subdivisions 2 and 3, do not apply to a city whose charter provides the manner of holding its primary, general or special elections.

Sec. 33. Minnesota Statutes 2010, section 205A.06, subdivision 1, is amended to read:

Subdivision 1. **Affidavit of candidacy.** An individual who is eligible and desires to become a candidate for an office to be voted on at the election must file an affidavit of candidacy with the school district clerk. The affidavit must be in substantially the same form as that in section 204B.06, subdivision 1. The school district clerk shall also accept an application signed by at least five voters and filed on behalf of an eligible voter in the school district whom they desire to be a candidate, if service of a copy of the application has been made on the candidate and proof of service is endorsed on the application being filed. No individual shall be nominated by nominating petition for a school district elective office ~~except in the event of a vacancy in nomination as provided in section 205A.03, subdivision 6.~~ Upon receipt of the proper filing fee, the clerk shall place the name of the candidate on the official ballot without partisan designation.

Sec. 34. Minnesota Statutes 2010, section 216B.1694, subdivision 2, is amended to read:

Subd. 2. **Regulatory incentives.** (a) An innovative energy project:

(1) is exempted from the requirements for a certificate of need under section 216B.243, for the generation facilities, and transmission infrastructure associated with the generation facilities, but is subject to all applicable environmental review and permitting procedures of chapter 216E;

(2) once permitted and constructed, is eligible to increase the capacity of the associated transmission facilities without additional state review upon filing notice with the commission;

(3) has the power of eminent domain, which shall be limited to the sites and routes approved by the Environmental Quality Board for the project facilities. The project shall be considered a utility as defined in section 216E.01, subdivision 10, for the limited purpose of section 216E.12. The project shall report any intent to exercise eminent domain authority to the board;

~~(4) shall qualify as a "clean energy technology" as defined in section 216B.1693;~~

~~(5)~~ shall, prior to the approval by the commission of any arrangement to build or expand a fossil-fuel-fired generation facility, or to enter into an agreement to purchase capacity or energy from such a facility for a term exceeding five years, be considered as a supply option for the generation facility, and the commission shall ensure such consideration and take any action with respect to such supply proposal that it deems to be in the best interest of ratepayers;

~~(6)~~ (5) shall make a good faith effort to secure funding from the United States Department of Energy and the United States Department of Agriculture to conduct a demonstration project at the facility for either geologic or terrestrial carbon sequestration projects to achieve reductions in facility emissions or carbon dioxide;

~~(7)~~ (6) shall be entitled to enter into a contract with a public utility that owns a nuclear generation facility in the state to provide 450 megawatts of base-load capacity and energy under a long-term contract, subject to the approval of the terms and conditions of the contract by the commission. The commission may approve, disapprove, amend, or modify the contract in making its public interest determination, taking into consideration the project's economic development benefits to the state; the use of abundant domestic fuel sources; the stability of the price of the output from the project; the project's potential

to contribute to a transition to hydrogen as a fuel resource; and the emissions reductions achieved compared to other solid fuel base-load technologies; and

~~(8)~~ (7) shall be eligible for a grant from the renewable development account, subject to the approval of the entity administering that account, of \$2,000,000 a year for five years for development and engineering costs, including those costs related to mercury-removal technology; thermal efficiency optimization and emission minimization; environmental impact statement preparation and licensing; development of hydrogen production capabilities; and fuel cell development and utilization.

(b) This subdivision does not apply to nor affect a proposal to add utility-owned resources that is pending on May 29, 2003, before the Public Utilities Commission or to competitive bid solicitations to provide capacity or energy that is scheduled to be on line by December 31, 2006.

Sec. 35. Minnesota Statutes 2010, section 245.4835, subdivision 1, is amended to read:

Subdivision 1. **Required expenditures.** (a) Counties must maintain a level of expenditures for mental health services under sections 245.461 to 245.484 and 245.487 to 245.4889 so that each year's county expenditures are at least equal to that county's average expenditures for those services for calendar years 2004 and 2005. The commissioner will adjust each county's base level for minimum expenditures in each year by the amount of any increase or decrease in that county's state grants or other noncounty revenues for mental health services under sections 245.461 to 245.484 and 245.487 to 245.4889.

(b) In order to simplify administration and improve budgeting predictability, the commissioner:

(1) shall use each county's actual prior year revenues to adjust the county's minimum required expenditures for the coming year;

(2) may use more current information regarding major changes in revenues if the change is known early enough to allow counties time to adjust their budgets;

(3) shall allocate each county's revenues proportionally across applicable expenditures; and

~~(4) shall adjust each county's base to allow for major changes in state or federal block grants or other revenues that can be used for mental health services, but are not dedicated to mental health, in this case, the commissioner shall calculate the mental health share of total county expenditures that were eligible to be funded from that revenue source in the base year, and use that mental health share to allocate the change in those revenues to mental health. This clause applies to changes in revenues that are beyond the county's control, and~~

~~(5)~~ (4) may adjust a county's base if the county's population is substantially declining and the county's per capita mental health expenditures are substantially higher than the state average, and the commissioner has determined that mental health services in that county would not be negatively impacted.

~~(c) Paragraph (b), clause (4), expires December 31, 2011.~~

Sec. 36. Minnesota Statutes 2011 Supplement, section 256B.021, subdivision 4, is amended to read:

Subd. 4. **Projects.** The commissioner shall request permission and funding to further the following initiatives.

(a) Health care delivery demonstration projects. This project involves testing alternative payment and service delivery models in accordance with Minnesota Statutes, sections 256B.0755 and 256B.0756. These demonstrations will allow the Minnesota Department of Human Services to engage in alternative payment arrangements with provider organizations that provide services to a specified patient population for an agreed upon total cost of care or risk/gain sharing payment arrangement, but are not limited to these models of care delivery or payment. Quality of care and patient experience will be measured and incorporated into payment models alongside the cost of care. Demonstration sites should include Minnesota health care programs fee-for-services recipients and managed care enrollees and support a robust primary care model and improved care coordination for recipients.

(b) Promote personal responsibility and encourage and reward healthy outcomes. This project provides Medicaid funding to provide individual and group incentives to encourage healthy behavior, prevent the onset of chronic disease, and reward healthy outcomes. Focus areas may include diabetes prevention and management, tobacco cessation, reducing weight, lowering cholesterol, and lowering blood pressure.

(c) Encourage utilization of high quality, cost-effective care. This project creates incentives through Medicaid and MinnesotaCare enrollee cost-sharing and other means to encourage the utilization of high-quality, low-cost, high-value providers, as determined by the state's provider peer grouping initiative under Minnesota Statutes, section 62U.04.

(d) Adults without children. This proposal includes requesting federal authority to impose a limit on assets for adults without children in medical assistance, as defined in Minnesota Statutes, section 256B.055, subdivision 15, who have a household income equal to or less than 75 percent of the federal poverty limit, consistent with Minnesota Statutes, section 256L.17, subdivision 2, and to impose a 180-day durational residency requirement in MinnesotaCare, consistent with Minnesota Statutes, section ~~256B.056, subdivision 3~~ 256L.09, subdivision 4, for adults without children, regardless of income.

(e) Empower and encourage work, housing, and independence. This project provides services and supports for individuals who have an identified health or disabling condition but are not yet certified as disabled, in order to delay or prevent permanent disability, reduce the need for intensive health care and long-term care services and supports, and to help maintain or obtain employment or assist in return to work. Benefits may include:

- (1) coordination with health care homes or health care coordinators;
- (2) assessment for wellness, housing needs, employment, planning, and goal setting;
- (3) training services;
- (4) job placement services;
- (5) career counseling;
- (6) benefit counseling;
- (7) worker supports and coaching;
- (8) assessment of workplace accommodations;
- (9) transitional housing services; and

(10) assistance in maintaining housing.

(f) Redesign home and community-based services. This project realigns existing funding, services, and supports for people with disabilities and older Minnesotans to ensure community integration and a more sustainable service system. This may involve changes that promote a range of services to flexibly respond to the following needs:

- (1) provide people less expensive alternatives to medical assistance services;
- (2) offer more flexible and updated community support services under the Medicaid state plan;
- (3) provide an individual budget and increased opportunity for self-direction;
- (4) strengthen family and caregiver support services;
- (5) allow persons to pool resources or save funds beyond a fiscal year to cover unexpected needs or foster development of needed services;
- (6) use of home and community-based waiver programs for people whose needs cannot be met with the expanded Medicaid state plan community support service options;
- (7) target access to residential care for those with higher needs;
- (8) develop capacity within the community for crisis intervention and prevention;
- (9) redesign case management;
- (10) offer life planning services for families to plan for the future of their child with a disability;
- (11) enhance self-advocacy and life planning for people with disabilities;
- (12) improve information and assistance to inform long-term care decisions; and
- (13) increase quality assurance, performance measurement, and outcome-based reimbursement.

This project may include different levels of long-term supports that allow seniors to remain in their homes and communities, and expand care transitions from acute care to community care to prevent hospitalizations and nursing home placement. The levels of support for seniors may range from basic community services for those with lower needs, access to residential services if a person has higher needs, and targets access to nursing home care to those with rehabilitation or high medical needs. This may involve the establishment of medical need thresholds to accommodate the level of support needed; provision of a long-term care consultation to persons seeking residential services, regardless of payer source; adjustment of incentives to providers and care coordination organizations to achieve desired outcomes; and a required coordination with medical assistance basic care benefit and Medicare/Medigap benefit. This proposal will improve access to housing and improve capacity to maintain individuals in their existing home; adjust screening and assessment tools, as needed; improve transition and relocation efforts; seek federal financial participation for alternative care and essential community supports; and provide Medigap coverage for people having lower needs.

(g) Coordinate and streamline services for people with complex needs, including those with multiple diagnoses of physical, mental, and developmental conditions. This project will coordinate and streamline medical assistance benefits for people with complex needs and multiple diagnoses. It would include changes that:

(1) develop community-based service provider capacity to serve the needs of this group;

(2) build assessment and care coordination expertise specific to people with multiple diagnoses;

(3) adopt service delivery models that allow coordinated access to a range of services for people with complex needs;

(4) reduce administrative complexity;

(5) measure the improvements in the state's ability to respond to the needs of this population; and

(6) increase the cost-effectiveness for the state budget.

(h) Implement nursing home level of care criteria. This project involves obtaining any necessary federal approval in order to implement the changes to the level of care criteria in Minnesota Statutes, section 144.0724, subdivision 11, and implement further changes necessary to achieve reform of the home and community-based service system.

(i) Improve integration of Medicare and Medicaid. This project involves reducing fragmentation in the health care delivery system to improve care for people eligible for both Medicare and Medicaid, and to align fiscal incentives between primary, acute, and long-term care. The proposal may include:

(1) requesting an exception to the new Medicare methodology for payment adjustment for fully integrated special needs plans for dual eligible individuals;

(2) testing risk adjustment models that may be more favorable to capturing the needs of frail dually eligible individuals;

(3) requesting an exemption from the Medicare bidding process for fully integrated special needs plans for the dually eligible;

(4) modifying the Medicare bid process to recognize additional costs of health home services; and

(5) requesting permission for risk-sharing and gain-sharing.

(j) Intensive residential treatment services. This project would involve providing intensive residential treatment services for individuals who have serious mental illness and who have other complex needs. This proposal would allow such individuals to remain in these settings after mental health symptoms have stabilized, in order to maintain their mental health and avoid more costly or unnecessary hospital or other residential care due to their other complex conditions. The commissioner may pursue a specialized rate for projects created under this section.

(k) Seek federal Medicaid matching funds for Anoka Metro Regional Treatment Center (AMRTC). This project involves seeking Medicaid reimbursement for medical services provided to patients to AMRTC, including requesting a waiver of United States Code, title 42, section 1396d, which prohibits Medicaid reimbursement for expenditures for services provided by hospitals with more than 16 beds that are primarily focused on the treatment of mental illness. This waiver would allow AMRTC to serve as a statewide resource to provide diagnostics and treatment for people with the most complex conditions.

(l) Waivers to allow Medicaid eligibility for children under age 21 receiving care in residential facilities. This proposal would seek Medicaid reimbursement for any

Medicaid-covered service for children who are placed in residential settings that are determined to be "institutions for mental diseases," under United States Code, title 42, section 1396d.

Sec. 37. Minnesota Statutes 2010, section 256B.0755, subdivision 1, is amended to read:

Subdivision 1. **Implementation.** (a) The commissioner shall develop and authorize a demonstration project to test alternative and innovative health care delivery systems, including accountable care organizations that provide services to a specified patient population for an agreed-upon total cost of care or risk/gain sharing payment arrangement. The commissioner shall develop a request for proposals for participation in the demonstration project in consultation with hospitals, primary care providers, health plans, and other key stakeholders.

(b) In developing the request for proposals, the commissioner shall:

(1) establish uniform statewide methods of forecasting utilization and cost of care for the appropriate Minnesota public program populations, to be used by the commissioner for the health care delivery system projects;

(2) identify key indicators of quality, access, patient satisfaction, and other performance indicators that will be measured, in addition to indicators for measuring cost savings;

(3) allow maximum flexibility to encourage innovation and variation so that a variety of provider collaborations are able to become health care delivery systems;

(4) encourage and authorize different levels and types of financial risk;

(5) encourage and authorize projects representing a wide variety of geographic locations, patient populations, provider relationships, and care coordination models;

(6) encourage projects that involve close partnerships between the health care delivery system and counties and nonprofit agencies that provide services to patients enrolled with the health care delivery system, including social services, public health, mental health, community-based services, and continuing care;

(7) encourage projects established by community hospitals, clinics, and other providers in rural communities;

(8) identify required covered services for a total cost of care model or services considered in whole or partially in an analysis of utilization for a risk/gain sharing model;

(9) establish a mechanism to monitor enrollment;

(10) establish quality standards for the delivery system demonstrations; and

(11) encourage participation of privately insured population so as to create sufficient alignment in demonstration systems; and

~~(12) coordinate projects with any coordinated care delivery systems established under section 256D.031.~~

(c) To be eligible to participate in the demonstration project, a health care delivery system must:

(1) provide required covered services and care coordination to recipients enrolled in the health care delivery system;

(2) establish a process to monitor enrollment and ensure the quality of care provided;

(3) in cooperation with counties and community social service agencies, coordinate the delivery of health care services with existing social services programs;

(4) provide a system for advocacy and consumer protection; and

(5) adopt innovative and cost-effective methods of care delivery and coordination, which may include the use of allied health professionals, telemedicine, patient educators, care coordinators, and community health workers.

(d) A health care delivery system demonstration may be formed by the following groups of providers of services and suppliers if they have established a mechanism for shared governance:

(1) professionals in group practice arrangements;

(2) networks of individual practices of professionals;

(3) partnerships or joint venture arrangements between hospitals and health care professionals;

(4) hospitals employing professionals; and

(5) other groups of providers of services and suppliers as the commissioner determines appropriate.

A managed care plan or county-based purchasing plan may participate in this demonstration in collaboration with one or more of the entities listed in clauses (1) to (5).

A health care delivery system may contract with a managed care plan or a county-based purchasing plan to provide administrative services, including the administration of a payment system using the payment methods established by the commissioner for health care delivery systems.

(e) The commissioner may require a health care delivery system to enter into additional third-party contractual relationships for the assessment of risk and purchase of stop loss insurance or another form of insurance risk management related to the delivery of care described in paragraph (c).

Sec. 38. Minnesota Statutes 2010, section 256B.094, subdivision 6, is amended to read:

Subd. 6. **Medical assistance reimbursement of case management services.** (a) Medical assistance reimbursement for services under this section shall be made on a monthly basis. Payment is based on face-to-face or telephone contacts between the case manager and the client, client's family, primary caregiver, legal representative, or other relevant person identified as necessary to the development or implementation of the goals of the individual service plan regarding the status of the client, the individual service plan, or the goals for the client. These contacts must meet the minimum standards in clauses (1) and (2):

(1) there must be a face-to-face contact at least once a month except as provided in clause (2); and

(2) for a client placed outside of the county of financial responsibility, or a client served by tribal social services placed outside the reservation, in an excluded time facility under section 256G.02, subdivision 6, or through the Interstate Compact on the Placement of Children, section 260.851, and the placement in either case is more than 60 miles beyond the county or reservation boundaries, there must be at least one contact per month and not more than two consecutive months without a face-to-face contact.

(b) Except as provided under paragraph (c), the payment rate is established using time study data on activities of provider service staff and reports required under sections 245.482 and 256.01, subdivision 2, paragraph ~~(17)~~ (q).

(c) Payments for tribes may be made according to section 256B.0625 or other relevant federally approved rate setting methodology for child welfare targeted case management provided by Indian health services and facilities operated by a tribe or tribal organization.

(d) Payment for case management provided by county or tribal social services contracted vendors shall be based on a monthly rate negotiated by the host county or tribal social services. The negotiated rate must not exceed the rate charged by the vendor for the same service to other payers. If the service is provided by a team of contracted vendors, the county or tribal social services may negotiate a team rate with a vendor who is a member of the team. The team shall determine how to distribute the rate among its members. No reimbursement received by contracted vendors shall be returned to the county or tribal social services, except to reimburse the county or tribal social services for advance funding provided by the county or tribal social services to the vendor.

(e) If the service is provided by a team that includes contracted vendors and county or tribal social services staff, the costs for county or tribal social services staff participation in the team shall be included in the rate for county or tribal social services provided services. In this case, the contracted vendor and the county or tribal social services may each receive separate payment for services provided by each entity in the same month. To prevent duplication of services, each entity must document, in the recipient's file, the need for team case management and a description of the roles and services of the team members.

Separate payment rates may be established for different groups of providers to maximize reimbursement as determined by the commissioner. The payment rate will be reviewed annually and revised periodically to be consistent with the most recent time study and other data. Payment for services will be made upon submission of a valid claim and verification of proper documentation described in subdivision 7. Federal administrative revenue earned through the time study, or under paragraph (c), shall be distributed according to earnings, to counties, reservations, or groups of counties or reservations which have the same payment rate under this subdivision, and to the group of counties or reservations which are not certified providers under section 256F.10. The commissioner shall modify the requirements set out in Minnesota Rules, parts 9550.0300 to 9550.0370, as necessary to accomplish this.

Sec. 39. Minnesota Statutes 2010, section 256B.69, subdivision 20, is amended to read:

Subd. 20. **Ombudsperson.** ~~(a)~~ The commissioner shall designate an ombudsperson to advocate for persons required to enroll in prepaid health plans under this section. The ombudsperson shall advocate for recipients enrolled in prepaid health plans through complaint and appeal procedures and ensure that necessary medical services are provided either by the prepaid health plan directly or by referral to appropriate social services. At

the time of enrollment in a prepaid health plan, the local agency shall inform recipients about the ombudsperson program and their right to a resolution of a complaint by the prepaid health plan if they experience a problem with the plan or its providers.

~~(b) The commissioner shall designate an ombudsperson to advocate for persons enrolled in a care coordination delivery system under section 256D.031. The ombudsperson shall advocate for recipients enrolled in a care coordination delivery system through the state appeal process and assist enrollees in accessing necessary medical services through the care coordination delivery systems directly or by referral to appropriate services. At the time of enrollment in a care coordination delivery system, the local agency shall inform recipients about the ombudsperson program.~~

Sec. 40. Minnesota Statutes 2010, section 256B.75, is amended to read:

256B.75 HOSPITAL OUTPATIENT REIMBURSEMENT.

(a) For outpatient hospital facility fee payments for services rendered on or after October 1, 1992, the commissioner of human services shall pay the lower of (1) submitted charge, or (2) 32 percent above the rate in effect on June 30, 1992, except for those services for which there is a federal maximum allowable payment. Effective for services rendered on or after January 1, 2000, payment rates for nonsurgical outpatient hospital facility fees and emergency room facility fees shall be increased by eight percent over the rates in effect on December 31, 1999, except for those services for which there is a federal maximum allowable payment. Services for which there is a federal maximum allowable payment shall be paid at the lower of (1) submitted charge, or (2) the federal maximum allowable payment. Total aggregate payment for outpatient hospital facility fee services shall not exceed the Medicare upper limit. If it is determined that a provision of this section conflicts with existing or future requirements of the United States government with respect to federal financial participation in medical assistance, the federal requirements prevail. The commissioner may, in the aggregate, prospectively reduce payment rates to avoid reduced federal financial participation resulting from rates that are in excess of the Medicare upper limitations.

(b) Notwithstanding paragraph (a), payment for outpatient, emergency, and ambulatory surgery hospital facility fee services for critical access hospitals designated under section 144.1483, clause ~~(10)~~ (9), shall be paid on a cost-based payment system that is based on the cost-finding methods and allowable costs of the Medicare program.

(c) Effective for services provided on or after July 1, 2003, rates that are based on the Medicare outpatient prospective payment system shall be replaced by a budget neutral prospective payment system that is derived using medical assistance data. The commissioner shall provide a proposal to the 2003 legislature to define and implement this provision.

(d) For fee-for-service services provided on or after July 1, 2002, the total payment, before third-party liability and spenddown, made to hospitals for outpatient hospital facility services is reduced by .5 percent from the current statutory rate.

(e) In addition to the reduction in paragraph (d), the total payment for fee-for-service services provided on or after July 1, 2003, made to hospitals for outpatient hospital facility services before third-party liability and spenddown, is reduced five percent from the current statutory rates. Facilities defined under section 256.969, subdivision 16, are excluded from this paragraph.

(f) In addition to the reductions in paragraphs (d) and (e), the total payment for fee-for-service services provided on or after July 1, 2008, made to hospitals for outpatient hospital facility services before third-party liability and spenddown, is reduced three percent from the current statutory rates. Mental health services and facilities defined under section 256.969, subdivision 16, are excluded from this paragraph.

Sec. 41. Minnesota Statutes 2010, section 256J.49, subdivision 4, is amended to read:

Subd. 4. **Employment and training service provider.** "Employment and training service provider" means:

(1) a public, private, or nonprofit agency with which a county has contracted to provide employment and training services and which is included in the county's service agreement submitted under section 256J.626, subdivision 4;

(2) a county agency, if the county has opted to provide employment and training services and the county has indicated that fact in the service agreement submitted under section 256J.626, subdivision 4; or

(3) a local public health department under section 145A.17, subdivision ~~3a~~ 4a, that a county has designated to provide employment and training services and is included in the county's service agreement submitted under section 256J.626, subdivision 4.

Notwithstanding section 116L.871, an employment and training services provider meeting this definition may deliver employment and training services under this chapter.

Sec. 42. Minnesota Statutes 2010, section 256L.12, subdivision 6, is amended to read:

Subd. 6. **Co-payments and benefit limits.** Enrollees are responsible for all co-payments in ~~sections~~ section 256L.03, subdivision 5, ~~and 256L.035~~, and shall pay co-payments to the managed care plan or to its participating providers. The enrollee is also responsible for payment of inpatient hospital charges which exceed the MinnesotaCare benefit limit.

Sec. 43. Minnesota Statutes 2011 Supplement, section 268.035, subdivision 29, is amended to read:

Subd. 29. **Wages.** (a) "Wages" means all compensation for services, including commissions; bonuses, awards, and prizes; severance payments; standby pay; vacation and holiday pay; back pay as of the date of payment; tips and gratuities paid to an employee by a customer of an employer and accounted for by the employee to the employer; sickness and accident disability payments, except as otherwise provided in this subdivision; and the cash value of housing, utilities, meals, exchanges of services, and any other goods and services provided to compensate for an employee's services, except:

(1) the amount of any payment made to, or on behalf of, an employee under a plan established by an employer that makes provision for employees generally or for a class or classes of employees, including any amount paid by an employer for insurance or annuities, or into a plan, to provide for a payment, on account of (i) retirement or (ii) medical and hospitalization expenses in connection with sickness or accident disability, or (iii) death;

(2) the payment by an employer of the tax imposed upon an employee under United States Code, title 26, section 3101 of the Federal Insurance Contribution Act, with respect

to compensation paid to an employee for domestic employment in a private household of the employer or for agricultural employment;

(3) any payment made to, or on behalf of, an employee or beneficiary (i) from or to a trust described in United States Code, title 26, section 401(a) of the federal Internal Revenue Code, that is exempt from tax under section 501(a) at the time of the payment unless the payment is made to an employee of the trust as compensation for services as an employee and not as a beneficiary of the trust, or (ii) under or to an annuity plan that, at the time of the payment, is a plan described in section 403(a);

(4) the value of any special discount or markdown allowed to an employee on goods purchased from or services supplied by the employer where the purchases are optional and do not constitute regular or systematic payment for services;

(5) customary and reasonable directors' fees paid to individuals who are not otherwise employed by the corporation of which they are directors;

(6) the payment to employees for reimbursement of meal expenses when employees are required to perform work after their regular hours;

(7) the payment into a trust or plan for purposes of providing legal or dental services if provided for all employees generally or for a class or classes of employees;

(8) the value of parking facilities provided or paid for by an employer, in whole or in part, if provided for all employees generally or for a class or classes of employees;

(9) royalties to an owner of a franchise, license, copyright, patent, oil, mineral, or other right;

(10) advances or reimbursements for traveling or other bona fide ordinary and necessary expenses incurred or reasonably expected to be incurred in the business of the employer. Traveling and other reimbursed expenses must be identified either by making separate payments or by specifically indicating the separate amounts where both wages and expense allowances are combined in a single payment;

(11) residual payments to radio, television, and similar artists that accrue after the production of television commercials, musical jingles, spot announcements, radio transcriptions, film sound tracks, and similar activities;

(12) payments made to supplement unemployment benefits under a plan established by an employer, that makes provisions for employees generally or for a class or classes of employees under the written terms of an agreement, contract, trust arrangement, or other instrument. The plan must provide supplemental payments solely for the supplementing of weekly state or federal unemployment benefits. The plan must provide supplemental payments only for those weeks the applicant has been paid regular, extended, or additional unemployment benefits ~~available~~. The supplemental payments, when combined with the applicant's weekly unemployment benefits paid, may not exceed the applicant's regular weekly pay. The plan must not allow the assignment of supplemental payments or provide for any type of additional payment. The plan must not require any consideration from the applicant and must not be designed for the purpose of avoiding the payment of Social Security obligations, or unemployment taxes on money disbursed from the plan;

(13) sickness or accident disability payments made by the employer after the expiration of six calendar months following the last calendar month that the individual worked for the employer;

(14) disability payments made under the provisions of any workers' compensation law;

(15) sickness or accident disability payments made by a third-party payer such as an insurance company; or

(16) payments made into a trust fund, or for the purchase of insurance or an annuity, to provide for sickness or accident disability payments to employees under a plan or system established by the employer that provides for the employer's employees generally or for a class or classes of employees.

(b) Nothing in this subdivision excludes from the term "wages" any payment made under any type of salary reduction agreement, including payments made under a cash or deferred arrangement and cafeteria plan, as defined in United States Code, title 26, sections 401(k) and 125 of the federal Internal Revenue Code, to the extent that the employee has the option to receive the payment in cash.

(c) Wages includes payments made for services as a caretaker. Unless there is a contract or other proof to the contrary, compensation is considered as being equally received by a married couple where the employer makes payment to only one spouse, or by all tenants of a household who perform services where two or more individuals share the same dwelling and the employer makes payment to only one individual.

(d) Wages includes payments made for services by a migrant family. Where services are performed by a married couple or a family and an employer makes payment to only one individual, each worker is considered as having received an equal share of the compensation unless there is a contract or other proof to the contrary.

(e) Wages includes advances or draws against future earnings, when paid, unless the payments are designated as a loan or return of capital on the books of the employer at the time of payment.

(f) Wages includes payments made by a subchapter "S" corporation, as organized under the Internal Revenue Code, to or on behalf of officers and shareholders that are reasonable compensation for services performed for the corporation.

For a subchapter "S" corporation, wages does not include:

(1) a loan for business purposes to an officer or shareholder evidenced by a promissory note signed by an officer before the payment of the loan proceeds and recorded on the books and records of the corporation as a loan to an officer or shareholder;

(2) a repayment of a loan or payment of interest on a loan made by an officer to the corporation and recorded on the books and records of the corporation as a liability;

(3) a reimbursement of reasonable corporation expenses incurred by an officer and documented by a written expense voucher and recorded on the books and records of the corporation as corporate expenses; and

(4) a reasonable lease or rental payment to an officer who owns property that is leased or rented to the corporation.

Sec. 44. Minnesota Statutes 2010, section 270B.14, subdivision 11, is amended to read:

Subd. 11. **Disclosure to commissioner of health.** (a) On the request of the commissioner of health, the commissioner may disclose return information to the extent provided in paragraph (b) and for the purposes provided in paragraph (c).

(b) Data that may be disclosed are limited to the taxpayer's identity, as defined in section 270B.01, subdivision 5.

(c) The commissioner of health may request data only for the purposes of carrying out epidemiologic investigations, which includes conducting occupational health and safety surveillance, and locating and notifying individuals exposed to health hazards as a result of employment. Requests for data by the commissioner of health must be in writing and state the purpose of the request. Data received may be used only for the purposes of section 144.0525.

~~(d) The commissioner may disclose health care service revenue data to the commissioner of health as provided by section 62J.41, subdivision 2.~~

Sec. 45. Minnesota Statutes 2011 Supplement, section 270C.991, subdivision 4, is amended to read:

Subd. 4. **Property tax working group.** (a) A property tax working group is established as provided in this subdivision. The goals of the working group are:

(1) to investigate ways to simplify the property tax system and make advisory recommendations on ways to make the system more understandable;

(2) to reexamine the property tax calendar to determine what changes could be made to shorten the two-year cycle from assessment through property tax collection; and

(3) to determine the cost versus the benefits of the various property tax components, including property classifications, credits, aids, exclusions, exemptions, and abatements, and to suggest ways to achieve some of the goals in simpler and more cost-efficient ways.

(b) The 12-member working group shall consist of the following members:

(1) two state representatives, both appointed by the chair of the house of representatives Taxes Committee, one from the majority party and one from the largest minority party;

(2) two senators appointed by the Subcommittee on Committees of the Senate Rules and Administration Committee, one from the majority party and one from the largest minority party;

(3) one person appointed by the Association of Minnesota Counties;

(4) one person appointed by the League of Minnesota Cities;

(5) one person appointed by the Minnesota Association of Townships;

(6) one person appointed by the Minnesota Chamber of Commerce;

(7) one person appointed by the Minnesota Association of Assessing Officers;

(8) two homeowners, one who is under 65 years of age, and one who is 65 years of age or older, both appointed by the commissioner of revenue; and

(9) one person jointly appointed by the Minnesota Farm Bureau and the Minnesota Farmers Union.

The commissioner of revenue shall chair the initial meeting, and the working group shall elect a chair at that initial meeting. The working group will meet at the call of the chair. Members of the working group shall serve without compensation. The commissioner of revenue must provide administrative support to the working group.

Chapter 13D does not apply to meetings of the working group. Meetings of the working group must be open to the public and the working group must provide notice of a meeting to potentially interested persons at least seven days before the meeting. A meeting of the ~~council~~ working group occurs when a quorum is present.

(c) The working group shall make its advisory recommendations to the chairs of the house of representatives and senate Taxes Committees on or before February 1, 2013, at which time the working group shall be finished and this subdivision expires. The advisory recommendations should be reviewed by the Taxes Committees under subdivision 5.

Sec. 46. Minnesota Statutes 2010, section 273.1392, is amended to read:

273.1392 PAYMENT; SCHOOL DISTRICTS.

The amounts of bovine tuberculosis credit reimbursements under section 273.113; conservation tax credits under section 273.119; disaster or emergency reimbursement under sections 273.1231 to 273.1235; homestead and agricultural credits under section 273.1384; aids and credits under section 273.1398; ~~wetlands reimbursement under section 275.295~~; enterprise zone property credit payments under section 469.171; and metropolitan agricultural preserve reduction under section 473H.10 for school districts, shall be certified to the Department of Education by the Department of Revenue. The amounts so certified shall be paid according to section 127A.45, subdivisions 9 and 13.

Sec. 47. Minnesota Statutes 2010, section 282.08, is amended to read:

282.08 APPORTIONMENT OF PROCEEDS TO TAXING DISTRICTS.

The net proceeds from the sale or rental of any parcel of forfeited land, or from the sale of products from the forfeited land, must be apportioned by the county auditor to the taxing districts interested in the land, as follows:

(1) the portion required to pay any amounts included in the appraised value under section 282.01, subdivision 3, as representing increased value due to any public improvement made after forfeiture of the parcel to the state, but not exceeding the amount certified by the appropriate governmental authority must be apportioned to the governmental subdivision entitled to it;

(2) the portion required to pay any amount included in the appraised value under section 282.019, subdivision 5, representing increased value due to response actions taken after forfeiture of the parcel to the state, but not exceeding the amount of expenses certified by the Pollution Control Agency or the commissioner of agriculture, must be apportioned to the agency or the commissioner of agriculture and deposited in the fund from which the expenses were paid;

(3) the portion of the remainder required to discharge any special assessment chargeable against the parcel for drainage or other purpose whether due or deferred at the time of forfeiture, must be apportioned to the governmental subdivision entitled to it; and

(4) any balance must be apportioned as follows:

~~(i)(A) Except as provided in subitem (B),~~ The county board may annually by resolution set aside no more than 30 percent of the receipts remaining to be used for forest development on tax-forfeited land and dedicated memorial forests, to be expended under the supervision of the county board. It must be expended only on projects improving the health and management of the forest resource.

~~(B) For a county that received an aid payment in calendar year 2009 under section 477A.0124, subdivision 5, paragraph (b), the county board is authorized to use some of the money set aside under subitem (A) to replace all or a portion of the amount of aid or credit reimbursement that the county was to receive under sections 273.1384 and 477A.0124, but did not receive due to aid cuts or unallotment from the state. Within six months of the actual aid or credit reimbursement loss, the county board may adopt a resolution transferring money from this fund to the county's general fund, not to exceed the amount of aid or credit reimbursement loss to the county. This subitem expires December 31, 2010.~~

(ii) The county board may annually by resolution set aside no more than 20 percent of the receipts remaining to be used for the acquisition and maintenance of county parks or recreational areas as defined in sections 398.31 to 398.36, to be expended under the supervision of the county board.

(iii) Any balance remaining must be apportioned as follows: county, 40 percent; town or city, 20 percent; and school district, 40 percent, provided, however, that in unorganized territory that portion which would have accrued to the township must be administered by the county board of commissioners.

Sec. 48. Minnesota Statutes 2011 Supplement, section 297A.668, subdivision 7, is amended to read:

Subd. 7. **Advertising and promotional direct mail.** (a) Notwithstanding other subdivisions of this section, the provisions in paragraphs (b) to (e) apply to the sale of advertising and promotional direct mail. "Advertising and promotional direct mail" means printed material that is direct mail as defined in section 297A.61, subdivision 35, the primary purpose of which is to attract public attention to a product, person, business, or organization, or to attempt to sell, popularize, or secure financial support for a person, business, organization, or product. "Product" includes tangible personal property, a digital product transferred electronically, or a service.

(b) A purchaser of advertising and promotional direct mail may provide the seller with either one of the following:

(1) a fully completed exemption certificate as described in section 297A.72 indicating that the purchaser is authorized to pay any sales or use tax due on purchases made by the purchaser directly to the commissioner under section 297A.89;

(2) a fully completed exemption certificate claiming an exemption for direct mail; or

(3) information showing the jurisdictions to which the advertising and promotional direct mail is to be delivered to recipients.

(c) In the absence of bad faith, if the purchaser provides one of the exemption certificates indicated in paragraph (b), clauses (1) and (2), the seller is relieved of all obligations to collect, pay, or remit the applicable tax and the purchaser is obligated to pay or remit the tax on any transaction involving advertising and promotional direct mail to which the certificate applies. The purchaser shall source the sale to the jurisdictions to which the advertising and promotional direct mail is to be delivered to the recipients of the mail, and shall report and pay any applicable tax due.

(d) If the purchaser provides the seller information showing the jurisdictions to which the advertising and promotional direct mail is to be delivered to recipients, the seller shall source the sale to the jurisdictions to which the advertising and promotional direct

mail is to be delivered and shall collect and remit the applicable tax. In the absence of bad faith, the seller is relieved of any further obligation to collect any additional tax on the sale of advertising and promotional direct mail where the seller has sourced the sale according to the delivery information provided by the purchaser.

(e) If the purchaser does not provide the seller with any of the items listed in paragraph (b), the sale shall be sourced under subdivision 2, paragraph (f). Nothing in this paragraph limits a purchaser's obligation for sales or use tax to any state to which the direct mail is delivered.

(f) This subdivision does not apply to printed materials that result from developing billing information or providing any data processing service that is more than incidental to producing the printed materials, regardless of whether advertising and promotional direct mail is included in the same mailing.

(g) If a transaction is a bundled transaction that includes advertising and promotional direct mail, this subdivision applies only if the primary purpose of the transaction is the sale of products or services that meet the definition of advertising and promotional direct mail.

Sec. 49. Minnesota Statutes 2011 Supplement, section 297A.70, subdivision 3, is amended to read:

Subd. 3. **Sales of certain goods and services to government.** (a) The following sales to or use by the specified governments and political subdivisions of the state are exempt:

(1) repair and replacement parts for emergency rescue vehicles, fire trucks, and fire apparatus to a political subdivision;

(2) machinery and equipment, except for motor vehicles, used directly for mixed municipal solid waste management services at a solid waste disposal facility as defined in section 115A.03, subdivision 10;

(3) chore and homemaking services to a political subdivision of the state to be provided to elderly or disabled individuals;

(4) telephone services to the Office of Enterprise Technology that are used to provide telecommunications services through the enterprise technology revolving fund;

(5) firefighter personal protective equipment as defined in paragraph (b), if purchased or authorized by and for the use of an organized fire department, fire protection district, or fire company regularly charged with the responsibility of providing fire protection to the state or a political subdivision;

(6) bullet-resistant body armor that provides the wearer with ballistic and trauma protection, if purchased by a law enforcement agency of the state or a political subdivision of the state, or a licensed peace officer, as defined in section 626.84, subdivision 1;

(7) motor vehicles purchased or leased by political subdivisions of the state if the vehicles are exempt from registration under section 168.012, subdivision 1, paragraph (b), exempt from taxation under section 473.448, or exempt from the motor vehicle sales tax under section 297B.03, clause (12);

(8) equipment designed to process, dewater, and recycle biosolids for wastewater treatment facilities of political subdivisions, and materials incidental to installation of that equipment;

(9) the removal of trees, bushes, or shrubs for the construction and maintenance of roads, trails, or firebreaks when purchased by an agency of the state or a political subdivision of the state;

(10) purchases by the Metropolitan Council or the Department of Transportation of vehicles and repair parts to equip operations provided for in section 174.90, including, but not limited to, the Northstar Corridor Rail project; and

(11) purchases of water used directly in providing public safety services by an organized fire department, fire protection district, or fire company regularly charged with the responsibility of providing fire protection to the state or a political subdivision.

(b) For purposes of this subdivision, "firefighters personal protective equipment" means helmets, including face shields, chin straps, and neck liners; bunker coats and pants, including pant suspenders; boots; gloves; head covers or hoods; wildfire jackets; protective coveralls; goggles; self-contained breathing apparatus; canister filter masks; personal alert safety systems; spanner belts; optical or thermal imaging search devices; and all safety equipment required by the Occupational Safety and Health Administration.

(c) For purchases of items listed in paragraph (a), clause ~~(11)~~ (10), the tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner provided in section 297A.75.

Sec. 50. Minnesota Statutes 2011 Supplement, section 297A.75, subdivision 1, is amended to read:

Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following exempt items must be imposed and collected as if the sale were taxable and the rate under section 297A.62, subdivision 1, applied. The exempt items include:

- (1) capital equipment exempt under section 297A.68, subdivision 5;
- (2) building materials for an agricultural processing facility exempt under section 297A.71, subdivision 13;
- (3) building materials for mineral production facilities exempt under section 297A.71, subdivision 14;
- (4) building materials for correctional facilities under section 297A.71, subdivision 3;
- (5) building materials used in a residence for disabled veterans exempt under section 297A.71, subdivision 11;
- (6) elevators and building materials exempt under section 297A.71, subdivision 12;
- (7) building materials for the Long Lake Conservation Center exempt under section 297A.71, subdivision 17;
- (8) materials and supplies for qualified low-income housing under section 297A.71, subdivision 23;
- (9) materials, supplies, and equipment for municipal electric utility facilities under section 297A.71, subdivision 35;

(10) equipment and materials used for the generation, transmission, and distribution of electrical energy and an aerial camera package exempt under section 297A.68, subdivision 37;

(11) tangible personal property and taxable services and construction materials, supplies, and equipment exempt under section 297A.68, subdivision 41;

(12) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph (a), clause (11) (10);

(13) materials, supplies, and equipment for construction or improvement of projects and facilities under section 297A.71, subdivision 40;

(14) materials, supplies, and equipment for construction or improvement of a meat processing facility exempt under section 297A.71, subdivision 41;

(15) materials, supplies, and equipment for construction, improvement, or expansion of an aerospace defense manufacturing facility exempt under section 297A.71, subdivision 42; and

(16) enterprise information technology equipment and computer software for use in a qualified data center exempt under section 297A.68, subdivision 42.

Sec. 51. Minnesota Statutes 2010, section 297I.06, subdivision 2, is amended to read:

Subd. 2. **Exemptions.** (a) This section does not apply to a ~~farmers' mutual fire insurance company~~ or township mutual fire insurance company in Minnesota organized under chapter 67A.

(b) An insurer described in section 297I.05, subdivisions 3 and 4, authorized to transact business in Minnesota shall elect to remit to the Department of Revenue for deposit in the fire safety account either (1) the surcharge amount imposed under subdivision 1 on all premiums subject to that surcharge, or (2) a surcharge of one-half of one percent on the gross fire premiums and assessments, less return premiums, on all direct business received by the insurer or agents of the insurer in Minnesota, in cash or otherwise, during the year.

(c) The election must be made by December 31 of each year for insurance policies written or renewed in the succeeding calendar year. An insurer who elects to remit the one-half of one percent surcharge on gross fire premiums and assessments must not charge the insured the surcharge imposed under subdivision 1.

(d) For purposes of this subdivision, "gross fire premiums and assessments" includes premiums on policies covering fire risks only on automobiles, whether written or under floater form or otherwise.

Sec. 52. Minnesota Statutes 2010, section 298.018, is amended to read:

298.018 DISTRIBUTION OF PROCEEDS.

Subdivision 1. **Within taconite assistance area.** The proceeds of the tax paid under sections 298.015 ~~to 298.017~~ and 298.016 on minerals and energy resources mined or extracted within the taconite assistance area defined in section 273.1341, shall be allocated as follows:

(1) five percent to the city or town within which the minerals or energy resources are mined or extracted;

(2) ten percent to the taconite municipal aid account to be distributed as provided in section 298.282;

(3) ten percent to the school district within which the minerals or energy resources are mined or extracted;

(4) 20 percent to a group of school districts comprised of those school districts wherein the mineral or energy resource was mined or extracted or in which there is a qualifying municipality as defined by section 273.134, paragraph (b), in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted net tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions;

(5) 20 percent to the county within which the minerals or energy resources are mined or extracted;

(6) 20 percent to St. Louis County acting as the counties' fiscal agent to be distributed as provided in sections 273.134 to 273.136;

(7) five percent to the Iron Range Resources and Rehabilitation Board for the purposes of section 298.22;

(8) five percent to the Douglas J. Johnson economic protection trust fund; and

(9) five percent to the taconite environmental protection fund.

The proceeds of the tax shall be distributed on July 15 each year.

Subd. 2. **Outside taconite assistance area.** The proceeds of the tax paid under sections 298.015 to ~~298.017~~ and 298.016 on minerals and energy resources mined or extracted outside of the taconite assistance area defined in section 273.1341, shall be deposited in the general fund.

Sec. 53. Minnesota Statutes 2010, section 299L.03, subdivision 1, is amended to read:

Subdivision 1. **Inspections; access.** In conducting any inspection authorized under this chapter or chapter 240, 349, or 349A, the division employees have free and open access to all parts of the regulated business premises, and may conduct the inspection at any reasonable time without notice and without a search warrant. For purposes of this subdivision, "regulated business premises" means premises where:

(1) lawful gambling is conducted by an organization licensed under chapter 349 or by an organization exempt from licensing under section 349.166;

(2) gambling equipment is manufactured, sold, distributed, or serviced by a manufacturer or distributor licensed under chapter 349;

(3) records required to be maintained under chapter 240, 297E, 349, or 349A are prepared or retained;

(4) lottery tickets are sold by a lottery retailer under chapter ~~340A~~ 349A;

(5) races are conducted by a person licensed under chapter 240; or

(6) gambling devices are manufactured, distributed, or tested, including places of storage under section 299L.07.

Sec. 54. Minnesota Statutes 2011 Supplement, section 349.15, subdivision 1, is amended to read:

Subdivision 1. **Expenditure restrictions, requirements, and civil penalties.**

(a) Gross profits from lawful gambling may be expended only for lawful purposes or allowable expenses as authorized by the membership of the conducting organization at a monthly meeting of the organization's membership.

~~(b) Provided that no more than 70 percent of the gross profit from bingo, and no more than 60 percent of the gross profit from other forms of lawful gambling, may be expended biennially during the term of the license for allowable expenses related to lawful gambling, except that for the period of July 1, 2008, to June 30, 2009, no more than 75 percent of the gross profit from bingo, and no more than 65 percent of the gross profit from other forms of lawful gambling, may be expended for allowable expenses related to lawful gambling. This provision expires June 30, 2009.~~

~~(b)~~ (b) For each 12-month period beginning July 1, 2009, a licensed organization will be evaluated by the board to determine a rating based on the percentage of annual lawful purpose expenditures when compared to available gross profits for the same period. The rating will be used to determine the organization's profitability percent and is not a rating of the organization's lawful gambling operation. An organization will be evaluated according to the following criteria:

(1) an organization that expends 50 percent or more of gross profits on lawful purposes will receive a five-star rating;

(2) an organization that expends 40 percent or more but less than 50 percent of gross profits on lawful purposes will receive a four-star rating;

(3) an organization that expends 30 percent or more but less than 40 percent of gross profits on lawful purposes will receive a three-star rating;

(4) an organization that expends 20 percent or more but less than 30 percent of gross profits on lawful purposes will receive a two-star rating; and

(5) an organization that expends less than 20 percent of gross profits on lawful purposes will receive a one-star rating.

~~(c)~~ (c) An organization that fails to expend a minimum of 30 percent annually of gross profits on lawful purposes, or 20 percent annually for organizations that conduct lawful gambling in a location where the primary business is bingo, is automatically on probation effective July 1 for a period of one year. The organization must increase its rating to the required minimum or be subject to sanctions by the board. If an organization fails to meet the minimum after a one-year probation, the board may suspend the organization's license or impose a civil penalty as follows:

(1) in determining any suspension or penalty for a violation of this paragraph, the board must consider any unique factors or extraordinary circumstances that caused the organization to not meet the minimum rate of profitability. Unique factors or extraordinary circumstances include, but are not limited to, the purchase of capital assets necessary to conduct lawful gambling; road or other construction causing impaired access to the lawful

gambling premises; and flood, tornado, or other catastrophe that had a direct impact on the continuing lawful gambling operation; and

(2) notwithstanding section 349.151, subdivision 4, paragraph (a), clause (10), the board may impose a civil penalty under this subdivision up to \$10,000.

Sec. 55. Minnesota Statutes 2010, section 349.15, subdivision 2, is amended to read:

Subd. 2. **Cash shortages.** In computing gross profit to determine maximum amounts which may be expended for allowable expenses under subdivision 1, an organization may not reduce its gross receipts by any cash shortages. An organization may report cash shortages to the board only as an allowable expense. An organization may not report cash shortages ~~in any fiscal year for each 12-month period~~ beginning ~~on~~ July 1, 2004, that in total exceed three-tenths of one percent of the organization's gross receipts from lawful gambling at each permitted premises where the organization conducts lawful gambling.

Sec. 56. Minnesota Statutes 2010, section 349.151, subdivision 2, is amended to read:

Subd. 2. **Membership.** (a) ~~On and after July 1, 1991,~~ The board consists of seven members, as follows: (1) ~~those five~~ members appointed by the governor ~~before July 1, 1991,~~ whose terms expire June 30, 1992, June 30, 1993, and June 30, 1994; (2) ~~one~~ member appointed by the governor for a term expiring June 30, 1994; (3) (2) one member appointed by the commissioner of public safety for a term expiring June 30, 1995; and (4) (3) one member appointed by the attorney general for a term expiring June 30, 1995.

(b) All appointments under this subdivision are with the advice and consent of the senate.

(c) After expiration of the initial terms, appointments are for four years.

(d) The board shall select one of its members to serve as chair. No more than three members appointed by the governor under this subdivision may belong to the same political party.

Sec. 57. Minnesota Statutes 2010, section 349.151, subdivision 4a, is amended to read:

Subd. 4a. **Paddle wheel rules.** The board shall promulgate rules governing paddle wheels ~~before July 1, 1992.~~ The rules must provide for operation procedures, internal control standards, posted information, records, and reports.

Sec. 58. Minnesota Statutes 2010, section 349.166, subdivision 1, is amended to read:

Subdivision 1. **Exclusions.** (a) Bingo, with the exception of linked bingo games, may be conducted without a license and without complying with sections 349.168, subdivisions 1 and 2; 349.17, subdivisions ~~1,~~ 4; and 5; 349.18, subdivision 1; and 349.19, if it is conducted:

(1) by an organization in connection with a county fair, the state fair, or a civic celebration and is not conducted for more than 12 consecutive days and is limited to no more than four separate applications for activities applied for and approved in a calendar year; or

(2) by an organization that conducts bingo on four or fewer days in a calendar year.

An organization that holds a license to conduct lawful gambling under this chapter may not conduct bingo under this subdivision.

(b) Bingo may be conducted within a nursing home or a senior citizen housing project or by a senior citizen organization if the prizes for a single bingo game do not exceed \$10, total prizes awarded at a single bingo occasion do not exceed \$200, no more than two bingo occasions are held by the organization or at the facility each week, only members of the organization or residents of the nursing home or housing project are allowed to play in a bingo game, no compensation is paid for any persons who conduct the bingo, and a manager is appointed to supervise the bingo. Bingo conducted under this paragraph is exempt from sections 349.11 to 349.23, and the board may not require an organization that conducts bingo under this paragraph, or the manager who supervises the bingo, to register or file a report with the board. The gross receipts from bingo conducted under the limitations of this subdivision are exempt from taxation under chapter 297A.

(c) Raffles may be conducted by an organization without registering with the board if the value of all raffle prizes awarded by the organization in a calendar year does not exceed \$1,500.

(d) Except as provided in paragraph (b), the organization must maintain all required records of excluded gambling activity for 3-1/2 years.

Sec. 59. Minnesota Statutes 2010, section 352.01, subdivision 11, is amended to read:

Subd. 11. **Allowable service.** (a) "Allowable service" means:

(1) service by an employee for which on or before July 1, 1961, the employee chose to obtain credit for service by making payments to the fund under Minnesota Statutes 1961, section 352.24;

(2) service by an employee after July 1, 1957, for any calendar month in which the employee is paid salary from which deductions are made, deposited, and credited in the fund, including deductions made, deposited, and credited as provided in section 352.041;

(3) service by an employee for any calendar month for which payments in lieu of salary deductions are made, deposited, and credited in the fund, as provided in section 352.27;

(4) the period of absence from their duties by employees who are temporarily disabled because of injuries incurred in the performance of duties and for which disability the state is liable under the workers' compensation law until the date authorized by the director for the commencement of payments of a total and permanent disability benefit from the retirement fund;

(5) service covered by a refund repaid as provided in section 352.23 or 352D.05, subdivision 4, except service rendered as an employee of the adjutant general for which the person has credit with the federal civil service retirement system;

(6) service before July 1, 1978, by an employee of the Transit Operating Division of the Metropolitan Transit Commission or by an employee on an authorized leave of absence from the Transit Operating Division of the Metropolitan Transit Commission who is employed by the labor organization which is the exclusive bargaining agent representing employees of the Transit Operating Division, which was credited by the Metropolitan Transit Commission-Transit Operating Division employees retirement fund or any of its predecessor plans or funds as past, intermediate, future, continuous, or allowable service as defined in the Metropolitan Transit Commission-Transit Operating Division employees retirement fund plan document in effect on December 31, 1977;

(7) service after July 1, 1983, by an employee who is employed on a part-time basis for less than 50 percent of full time, for which the employee is paid salary from which deductions are made, deposited, and credited in the fund, including deductions made, deposited, and credited as provided in section 352.041 or for which payments in lieu of salary deductions are made, deposited, and credited in the fund as provided in section 352.27 shall be credited on a fractional basis either by pay period, monthly, or annually based on the relationship that the percentage of salary earned bears to a full-time salary, with any salary paid for the fractional service credited on the basis of the rate of salary applicable for a full-time pay period, month, or a full-time year. For periods of part-time service that is duplicated service credit, section 356.30, subdivision 1, ~~clauses (i) paragraphs (g) and (j) (h)~~, govern; and

(8) any period of authorized leave of absence without pay that does not exceed one year and for which the employee obtained credit by payment to the fund under section 352.017.

(9) [Renumbered clause (8)]

(10) MS 2002 [Expired]

(11) [Expired, 2002 c 392 art 2 s 4]

(b) For purposes of paragraph (a), clauses (2) and (3), any salary that is paid for a fractional part of any calendar month, including the month of separation from state service, is deemed to be the compensation for the entire calendar month.

(c) Allowable service determined and credited on a fractional basis must be used in calculating the amount of benefits payable, but service as determined on a fractional basis must not be used in determining the length of service required for eligibility for benefits.

Sec. 60. Minnesota Statutes 2010, section 352D.05, subdivision 3, is amended to read:

Subd. 3. **Full or partial withdrawal.** After termination of covered employment or at any time thereafter, a participant is entitled, upon application, to withdraw the cash value of the participant's total shares or leave such shares on deposit with the supplemental retirement fund. The account is valued at the end of the most recent United States investment market day following receipt of the application for withdrawal ~~is made~~. Shares not withdrawn remain on deposit with the supplemental retirement fund until the former participant becomes at least 55 years old, and applies for an annuity under section 352D.06, subdivision 1.

Sec. 61. Minnesota Statutes 2010, section 353.46, subdivision 6, is amended to read:

Subd. 6. **Computation of benefits for certain coordinated members.** Any coordinated member of the general employees retirement plan of the Public Employees Retirement Association who, before July 1, 1979, was a member of the former coordinated program of the former Minneapolis Municipal Employees Retirement Fund and who, before July 1, 1978, was a member of the basic program of the Minneapolis Municipal Employees Retirement Fund is entitled to receive a retirement annuity when otherwise qualified, the calculation of which must utilize the formula accrual rates specified in Minnesota Statutes 2008, section 422A.15, subdivision 1, for that portion of credited service which was rendered before July 1, 1978, and the formula accrual rates specified in section 353.29, subdivision 3, for the remainder of credited service, both applied to the average salary as specified in section 353.01, subdivision 17a. The formula accrual

rates to be used in calculating the retirement annuity must recognize the service after July 1, 1978, as a member of the former coordinated program of the former Minneapolis Municipal Employees Retirement Fund and after July 1, 1979, as a member of the general employees retirement plan of the Public Employees Retirement Association as a continuation of service rendered before July 1, 1978. The annuity amount attributable to service as a member of the basic program of the former Minneapolis Municipal Employees Retirement Fund is payable from the MERF division and the annuity amount attributable to all other service is payable from the general employees retirement fund of the Public Employees Retirement Association.

Sec. 62. Minnesota Statutes 2011 Supplement, section 353.6511, subdivision 2, is amended to read:

Subd. 2. **Retirement annuity.** (a) A member described in subdivision 1, if the member meets the eligibility requirements of paragraph (b), is only entitled to a retirement annuity under this subdivision.

(b) The member, upon application, if the person is at least age 50 and has credit for at least 20 years of allowable service, is entitled to a normal retirement annuity. The normal retirement annuity is the following amount based on the service credit of the retiring member as a Minneapolis firefighter:

completed years of service	retirement annuity amount
15	25.0 units
16	26.6 units
17	28.2 units
18	29.8 units
19	31.4 units
20	35.0 units
21	36.6 units
22	38.2 units
23	39.8 units
24	41.4 units
25 or more	43.0 units

(c) For a retired member who was unmarried on September 1, 1997, and also on October 25, 2001, who had 25 years of service credit as of October 25, 2001, and submitted a valid application for the alternative service pension under Minnesota Statutes 2010, section 423C.05, subdivision 9, the retirement annuity amount is 43.3 units.

Sec. 63. Minnesota Statutes 2011 Supplement, section 353.6511, subdivision 7, is amended to read:

Subd. 7. **Postretirement adjustments.** ~~(a)~~ Effective on the first day of the month next following the effective date of the consolidation under Laws 2011, First Special Session chapter 8, article 6, section 19, service pensions and survivor benefits in force are entitled to be recomputed with the number of units specified in subdivision 2, subdivision

4, and subdivision 6. Optional annuities under Minnesota Statutes 2010, section 423C.05, subdivision 8, also are entitled to be recomputed as the actuarial equivalent of the service pensions and survivor benefits with the number of units specified in subdivision 2, subdivision 4, and subdivision 6. Retirement annuities, service pensions, disability benefits, and survivor benefits after December 31, 2015, are eligible for postretirement adjustments under section 356.415, subdivision 1c. The unit value for the calculation of a retirement annuity first payable after December 31, 2015, is the calendar year 2015 unit value, plus any postretirement adjustment percentage amount under section 356.415, subdivision 1c, payable after December 31, 2015, and before the date of retirement.

Sec. 64. Minnesota Statutes 2011 Supplement, section 353.667, subdivision 8, is amended to read:

Subd. 8. **Cooperation with fraternal organization.** (a) This subdivision applies if the membership of the former Minneapolis Firefighters Relief Association approves the continuation of the relief association as a fraternal organization under Laws 2011, First Special Session chapter 8, article 6, section ~~16~~ 17.

(b) The executive director shall cooperate with the Minneapolis firefighters fraternal association to ensure adequate communication with the former members of the former Minneapolis Firefighters Relief Association consistent with Public Employees Retirement Association policy.

Sec. 65. Minnesota Statutes 2011 Supplement, section 353.668, subdivision 8, is amended to read:

Subd. 8. **Cooperation with fraternal organization.** (a) This subdivision applies if the membership of the former Minneapolis Police Relief Association approves the continuation of the relief association as a fraternal organization under Laws 2011, First Special Session chapter 8, article 7, section ~~16~~ 17.

(b) The executive director shall cooperate with the Minneapolis police fraternal association to ensure adequate communication with the former members of the former Minneapolis Police Relief Association consistent with Public Employees Retirement Association policy.

Sec. 66. Minnesota Statutes 2010, section 390.32, subdivision 9, is amended to read:

Subd. 9. **Inquest procedure.** If the county attorney elects to conduct an inquest, the county attorney shall promptly notify the judge of the need for an inquest and make all arrangements for it. At the inquest, the judge shall preside and the county attorney shall conduct the inquest on behalf of the state. Upon conclusion of the inquest, the judge shall find the cause of death and sign and file a death record. The judge, upon application of the county attorney, may issue subpoenas for witnesses in the manner provided by section 390.15 and the judge shall administer the oath to them in the manner provided by section ~~390.16~~ 390.33, subdivision 3.

Sec. 67. Minnesota Statutes 2011 Supplement, section 402A.35, subdivision 4, is amended to read:

Subd. 4. **Process for establishing a service delivery authority.** (a) The county, tribe, or consortium of counties meeting the requirements of this section ~~402A.30~~ and proposing to establish a service delivery authority shall present to the council:

(1) in conjunction with the commissioner, a proposed memorandum of understanding meeting the requirements of subdivision 1, paragraph (b), and outlining:

(i) the details of the proposal;

(ii) the state, tribal, and local resources, which may include, but are not limited to, funding, administrative and technology support, and other requirements necessary for the service delivery authority; and

(iii) the relief available to the service delivery authority if the resource commitments identified in item (ii) are not met; and

(2) a board resolution from the board of commissioners of each participating county stating the county's intent to participate, or in the case of a tribe, a resolution from tribal government, stating the tribe's intent to participate.

(b) After the council has considered and recommended approval of a proposed memorandum of understanding, the commissioner may finalize and execute the memorandum of understanding.

Sec. 68. Minnesota Statutes 2011 Supplement, section 515B.1-102, is amended to read:

515B.1-102 APPLICABILITY.

(a) Except as provided in this section, this chapter, and not chapters 515 and 515A, applies to all common interest communities created within this state on and after June 1, 1994.

(b) The applicability of this chapter to common interest communities created prior to June 1, 1994, shall be as follows:

(1) This chapter shall apply to condominiums created under chapter 515A with respect to events and circumstances occurring on and after June 1, 1994; provided (i) that this chapter shall not invalidate the declarations, bylaws or condominium plats of those condominiums, and (ii) that chapter 515A, and not this chapter, shall govern all rights and obligations of a declarant of a condominium created under chapter 515A, and the rights and claims of unit owners against that declarant.

(2) The following sections in this chapter apply to condominiums created under chapter 515: 515B.1-104 (Variation by Agreement); 515B.1-105 (Separate Titles and Taxation); 515B.1-106 (Applicability of Local Requirements); 515B.1-107 (Eminent Domain); 515B.1-108 (This Chapter Prevails; Supplemental Law); 515B.1-109 (Construction Against Implicit Repeal); 515B.1-112 (Unconscionable Agreement or Term of Contract); 515B.1-113 (Obligation of Good Faith); 515B.1-114 (Remedies to be Liberally Administered); 515B.1-115 (Notice); 515B.1-116 (Recording); 515B.2-103 (Construction and Validity of Declaration and Bylaws); 515B.2-104 (Description of Units); 515B.2-108(d) (Allocation of Interests); 515B.2-109~~(c)~~ (f) (Common Elements and Limited Common Elements); 515B.2-112 (Subdivision, Combination, or Conversion of Units); 515B.2-113 (Alteration of Units); 515B.2-114 (Relocation of Boundaries Between Adjoining Units); 515B.2-115 (Minor Variations in Boundaries); 515B.2-118 (Amendment of Declaration); 515B.2-119 (Termination of Common Interest Community); 515B.3-102 (Powers of Unit Owners' Association); 515B.3-103(a), (b), and (g) (Board of Directors, Officers, and Declarant Control); 515B.3-107 (Upkeep of Common Interest Community); 515B.3-108 (Meetings); 515B.3-109 (Quorums); 515B.3-110 (Voting; Proxies); 515B.3-111 (Tort and Contract Liability); 515B.3-112

(Conveyance of, or Creation of Security Interests in, Common Elements); 515B.3-113 (Insurance); 515B.3-114 (Replacement Reserves); 515B.3-115 (c), (e), (f), (g), (h), and (i) (Assessments for Common Expenses); 515B.3-116 (Lien for Assessments); 515B.3-117 (Other Liens); 515B.3-118 (Association Records); 515B.3-119 (Association as Trustee); 515B.3-121 (Accounting Controls); 515B.4-107 (Resale of Units); 515B.4-108 (Purchaser's Right to Cancel Resale); and 515B.4-116 (Rights of Action; Attorney's Fees). Section 515B.1-103 (Definitions) shall apply to the extent necessary in construing any of the sections referenced in this section. Sections 515B.1-105, 515B.1-106, 515B.1-107, 515B.1-116, 515B.2-103, 515B.2-104, 515B.2-118, 515B.3-102, 515B.3-110, 515B.3-111, 515B.3-113, 515B.3-116, 515B.3-117, 515B.3-118, 515B.3-121, 515B.4-107, 515B.4-108, and 515B.4-116 apply only with respect to events and circumstances occurring on and after June 1, 1994. All other sections referenced in this section apply only with respect to events and circumstances occurring after July 31, 1999. A section referenced in this section does not invalidate the declarations, bylaws or condominium plats of condominiums created before August 1, 1999. But all sections referenced in this section prevail over the declarations, bylaws, CIC plats, rules and regulations under them, of condominiums created before August 1, 1999, except to the extent that this chapter defers to the declarations, bylaws, CIC plats, or rules and regulations issued under them.

(3) This chapter shall not apply to cooperatives and planned communities created prior to June 1, 1994, or to planned communities that were created on or after June 1, 1994, and before August 1, 2006, and that consist of more than two but fewer than 13 units; except by election pursuant to subsection (d), and except that sections 515B.1-116, subsections (a), (c), (d), and (e), 515B.4-107, and 515B.4-108, apply to all planned communities and cooperatives regardless of when they are created, unless they are exempt under subsection (e).

(c) This chapter shall not invalidate any amendment to the declaration, bylaws or condominium plat of any condominium created under chapter 515 or 515A if the amendment was recorded before June 1, 1994. Any amendment recorded on or after June 1, 1994, shall be adopted in conformity with the procedures and requirements specified by those instruments and by this chapter. If the amendment grants to any person any rights, powers or privileges permitted by this chapter, all correlative obligations, liabilities and restrictions contained in this chapter shall also apply to that person.

(d) Any condominium created under chapter 515, any planned community or cooperative which would be exempt from this chapter under subsection (e), or any planned community or cooperative created prior to June 1, 1994, or any planned community that was created on or after June 1, 1994, and prior to August 1, 2006, and that consists of more than two but fewer than 13 units, may elect to be subject to this chapter, as follows:

(1) The election shall be accomplished by recording a declaration or amended declaration, and a new or amended CIC plat where required, and by approving bylaws or amended bylaws, which conform to the requirements of this chapter, and which, in the case of amendments, are adopted in conformity with the procedures and requirements specified by the existing declaration and bylaws of the common interest community, and by any applicable statutes.

(2) In a condominium, the preexisting condominium plat shall be the CIC plat and an amended CIC plat shall be required only if the amended declaration or bylaws contain provisions inconsistent with the preexisting condominium plat. The condominium's CIC number shall be the apartment ownership number or condominium number originally

assigned to it by the recording officer. In a cooperative in which the unit owners' interests are characterized as real estate, a CIC plat shall be required. In a planned community, the preexisting plat or registered land survey recorded pursuant to chapter 505, 508, or 508A, or the part of the plat or registered land survey upon which the common interest community is located, shall be the CIC plat.

(3) The amendment shall comply with section 515B.2-118(a)(3) and (c); except that the unanimous consent of the unit owners shall not be required for (i) a clarification of the unit boundary description if the clarified boundary description is substantially consistent with the preexisting CIC plat, or (ii) changes from common elements to limited common elements that occur by operation of section 515B.2-109(c) and (d).

(4) Except as permitted by paragraph (3), no declarant, affiliate of declarant, association, master association nor unit owner may acquire, increase, waive, reduce or revoke any previously existing warranty rights or causes of action that one of said persons has against any other of said persons by reason of exercising the right of election under this subsection.

(5) A common interest community which elects to be subject to this chapter may, as a part of the election process, change its form of ownership by complying with section 515B.2-123.

(e) Except as otherwise provided in this subsection, this chapter shall not apply, except by election pursuant to subsection (d), to the following:

(1) a planned community which consists of two units, which utilizes a CIC plat complying with section 515B.2-110(d)(1) and (2), or section 515B.2-1101(d)(1) and (2), which is not subject to any rights to subdivide or convert units or to add additional real estate, and which is not subject to a master association;

(2) a common interest community that consists solely of platted lots or other separate parcels of real estate designed or utilized for detached single family dwellings or agricultural purposes, with or without common property, where no association or master association has an obligation to maintain any building containing a dwelling or any agricultural building located or to be located on such platted lots or parcels; except that section 515B.4-101(e) shall apply to the sale of such platted lots or parcels of real estate if the common interest community is or will be subject to a master declaration;

(3) a cooperative where, at the time of creation of the cooperative, the unit owners' interests in the dwellings as described in the declaration consist solely of proprietary leases having an unexpired term of fewer than 20 years, including renewal options;

(4) planned communities utilizing a CIC plat complying with section 515B.2-110(d)(1) and (2), or section 515B.2-1101(d)(1) and (2), and cooperatives, which are limited by the declaration to nonresidential uses alone or in combination with residential rental uses in which individual dwellings do not constitute units or other separate parcels of real estate; or

(5) real estate subject only to an instrument or instruments filed primarily for the purpose of creating or modifying rights with respect to access, utilities, parking, ditches, drainage, or irrigation.

(f) Section 515B.4-101(e) applies to any platted lot or other parcel of real estate that is subject to a master declaration and is not subject to or is exempt from this chapter.

(g) Section 515B.1-106 shall apply to all common interest communities.

(h) Sections 515B.1-103(33a), 515B.2-110, 515B.3-105, 515B.3-115, ~~515B.3-116~~, 515B.4-102, and 515B.4-115 apply only to common interest communities created before August 1, 2010. Sections 515B.1-103(33b), 515B.2-1101, 515B.3-1051, 515B.3-1151, 515B.4-1021, and 515B.4-1151 apply only to common interest communities created on or after August 1, 2010.

(i) Section 515B.3-114 applies to common interest communities only for the association's fiscal years commencing before January 1, 2012. Section 515B.3-1141 applies to common interest communities only for the association's fiscal years commencing on or after January 1, 2012.

(j) Section 515B.3-104 applies only to transfers of special declarant rights that are effective before August 1, 2010. Section 515B.3-1041, subsections (a) through (i), apply only to transfers of special declarant rights that are effective on or after August 1, 2010. Section 515B.3-1041, subsections (j) and (k), apply only to special declarant rights reserved in a declaration that is first recorded on or after August 1, 2010.

Sec. 69. Minnesota Statutes 2011 Supplement, section 515B.3-105, is amended to read:

515B.3-105 TERMINATION OF CONTRACTS, LEASES; CIC CREATED BEFORE AUGUST 1, 2010.

(a) If entered into prior to termination of the period of declarant control, (i) any management contract, employment contract, or lease of recreational facilities, or garages or other parking facilities, (ii) any contract, lease, or license binding the association, and to which a declarant or an affiliate of a declarant is a party, or (iii) any contract, lease, or license binding the association or any unit owner other than the declarant or an affiliate of the declarant which is not bona fide or which was unconscionable to the unit owners at the time entered into under the circumstances then prevailing, may be terminated without penalty by the association under the procedures described in this section.

(b) If prior to expiration of the suspension period described in Minnesota Statutes 2008, section 515B.2-121, subsection (c), paragraph (3), a contract, lease, or license of a type described in subsection (a) is entered into by a person having authority to appoint the directors of the master association and is binding upon the master association, then the master association, and not any association, may terminate the contract, lease, or license under the procedures described in this section.

(c) Termination shall be upon no less than 90 days' notice. Notice of termination shall be given by the association or master association, as applicable, in accordance with section 515B.1-115; provided, that notice shall be effective only if given within two years following the termination of the period of declarant control or the suspension period described in Minnesota Statutes 2008, section 515B.2-121, subsection (c), paragraph (3), as applicable.

(d) This section does not apply to:

(1) any lease the termination of which would terminate the common interest community;

(2) in the case of a cooperative, a mortgage or contract for deed encumbering real estate owned by the association, except that if the mortgage or contract for deed contains a contractual obligation involving a type of contract, lease, or license which may be

terminated pursuant to subsection (a) or (b), then that contractual obligation may be terminated pursuant to subsection (c); or

(3) an agreement between a declarant or an affiliate of a declarant, or a person having authority pursuant to Minnesota Statutes 2008, section 515B.2-121, subsection (c), paragraph (3), to appoint the directors of the master association, and any governmental entity, if such agreement is necessary to obtain governmental approvals, provide financing under any type of government program, or provide for governmentally required access, conservation, drainage, or utilities.

(e) This section applies only to common interest communities created before August 1, 2010.

Sec. 70. Minnesota Statutes 2011 Supplement, section 515B.3-1151, is amended to read:

515B.3-1151 ASSESSMENTS FOR COMMON EXPENSES; CIC CREATED ON OR AFTER AUGUST 1, 2010.

(a) The association shall approve an annual budget of common expenses at or prior to the conveyance of the first unit in the common interest community to a purchaser and annually thereafter. The annual budget shall include all customary and necessary operating expenses and replacement reserves for the common interest community, consistent with this section and section 515B.3-114. For purposes of replacement reserves under subsection (b), until an annual budget has been approved, the reserves shall be paid based upon the budget contained in the disclosure statement required by section 515B.4-102. The obligation of a unit owner to pay common expenses shall be as follows:

(1) If a common expense assessment has not been levied by the association, the declarant shall pay all common expenses of the common interest community, including the payment of the replacement reserve component of the common expenses for all units in compliance with subsection (b).

(2) If a common expense assessment has been levied by the association, all unit owners, including the declarant, shall pay the assessments levied against their units, except as follows:

(i) The declaration may provide for an alternate common expense plan whereby the declarant's common expense liability, and the corresponding assessment lien against the units owned by the declarant, is limited to: (A) paying when due, in compliance with subsection (b), an amount equal to the full share of the replacement reserves allocated to units owned by the declarant, as set forth in the association's annual budget approved as provided in this subsection; and (B) paying when due all accrued expenses of the common interest community in excess of the aggregate assessments payable with respect to units owned by persons other than a declarant; provided, that the alternate common expense plan shall not affect a declarant's obligation to make up any operating deficit pursuant to item (iv), and shall terminate upon the termination of any period of declarant control unless terminated earlier pursuant to item (iii).

(ii) The alternate common expense plan may be authorized only by including in the declaration and the disclosure statement required by section 515B.4-102 provisions authorizing and disclosing the alternate common expense plan as described in item (i), and including in the disclosure statement either (A) a statement that the alternate common expense plan will have no effect on the level of services or amenities anticipated by the

association's budget contained in the disclosure statement, or (B) a statement describing how the services or amenities may be affected.

(iii) A declarant shall give notice to the association of its intent to utilize the alternate common expense plan and a commencement date after the date the notice is given. The alternate common expense plan shall be valid only for periods after the notice is given. A declarant may terminate its right to utilize the ~~alternative~~ alternate common expense plan prior to the termination of the period of declarant control only by giving notice to the association and the unit owners at least 30 days prior to a selected termination date set forth in the notice.

(iv) If a declarant utilizes an alternate common expense plan, that declarant shall cause to be prepared and delivered to the association, at the declarant's expense, within 90 days after the termination of the period of declarant control, an audited balance sheet and profit and loss statement certified to the association and prepared by an accountant having the qualifications set forth in section 515B.3-121 (b). The audit shall be binding on the declarant and the association.

(v) If the audited profit and loss statement shows an accumulated operating deficit, the declarant shall be obligated to make up the deficit within 15 days after delivery of the audit to the association, and the association shall have a claim against the declarant for an amount equal to the deficit until paid. A declarant who does not utilize an alternate common expense plan is not liable to make up any operating deficit. If more than one declarant utilizes an alternate common expense plan, all declarants who utilize the plan are jointly and severally liable to the association for any operating deficit.

(vi) The existence and amount, if any, of the operating deficit shall be determined using the accrual method of accounting applied as of the date of termination of the period of declarant control, regardless of the accounting methodology previously used by the association to maintain its accounts.

(vii) Unless approved by a vote of the unit owners other than the declarant and its affiliates, the operating deficit shall not be made up, prior to the election by the unit owners of a board of directors pursuant to section 515B.3-103(d), through the use of a special assessment described in subsection (c) or by assessments described in subsections (e), (f), and (g).

(viii) The use by a declarant of an alternate common expense plan shall not affect the obligations of the declarant or the association as provided in the declaration, the bylaws, or this chapter, or as represented in the disclosure statement required by section 515B.4-102, except as to matters authorized by this chapter.

(b) The replacement reserves required by section 515B.3-114 shall be paid to the association by each unit owner for each unit owned by that unit owner in accordance with the association's annual budget approved pursuant to subsection (a), regardless of whether an annual assessment has been levied or whether the declarant has utilized an alternate common expense plan under subsection (a)(2). Replacement reserves shall be paid with respect to a unit commencing as of the later of (1) the date of creation of the common interest community or (2) the date that the structure and exterior of the building containing the unit, or the structure and exterior of any building located within the unit boundaries, but excluding the interior finishing of the structure itself, are substantially completed. If the association has not approved an annual budget as of the commencement date for the

payment of replacement reserves, then the reserves shall be paid based upon the budget contained in the disclosure statement required by section 515B.4-102.

(c) After an assessment has been levied by the association, assessments shall be levied at least annually, based upon an annual budget approved by the association. In addition to and not in lieu of annual assessments, an association may, if so provided in the declaration, levy special assessments against all units in the common interest community based upon the same formula required by the declaration for levying annual assessments. Special assessments may be levied only (1) to cover expenditures of an emergency nature, (2) to replenish underfunded replacement reserves, (3) to cover unbudgeted capital expenditures or operating expenses, or (4) to replace certain components of the common interest community described in section 515B.3-114(a), if such alternative method of funding is approved under section 515B.3-114(a)(5). The association may also levy assessments against fewer than all units as provided in subsections (e), (f), and (g). An assessment under subsection (e)(2) for replacement reserves is subject to the requirements of section 515B.3-114(a)(5).

(d) Except as modified by subsections (a), clauses (1) and (2), (e), (f), and (g), all common expenses shall be assessed against all the units in accordance with the allocations established by the declaration pursuant to section 515B.2-108.

(e) Unless otherwise required by the declaration:

(1) any common expense associated with the maintenance, repair, or replacement of a limited common element shall be assessed against the units to which that limited common element is assigned, equally, or in any other proportion the declaration provides;

(2) any common expense or portion thereof benefiting fewer than all of the units may be assessed exclusively against the units benefited, equally, or in any other proportion the declaration provides;

(3) the costs of insurance may be assessed in proportion to risk or coverage, and the costs of utilities may be assessed in proportion to usage;

(4) reasonable attorney fees and costs incurred by the association in connection with (i) the collection of assessments, and (ii) the enforcement of this chapter, the articles, bylaws, declaration, or rules and regulations, against a unit owner, may be assessed against the unit owner's unit; and

(5) fees, charges, late charges, fines, and interest may be assessed as provided in section 515B.3-116(a).

(f) Assessments levied under section 515B.3-116 to pay a judgment against the association may be levied only against the units in the common interest community at the time the judgment was entered, in proportion to their common expense liabilities.

(g) If any damage to the common elements or another unit is caused by the act or omission of any unit owner, or occupant of a unit, or their invitees, the association may assess the costs of repairing the damage exclusively against the unit owner's unit to the extent not covered by insurance.

(h) Subject to any shorter period specified by the declaration or bylaws, if any installment of an assessment becomes more than 60 days past due, then the association may, upon ten days' written notice to the unit owner, declare the entire amount of the assessment immediately due and payable in full.

(i) If common expense liabilities are reallocated for any purpose authorized by this chapter, common expense assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated common expense liabilities.

(j) An assessment against fewer than all of the units must be levied within three years after the event or circumstances forming the basis for the assessment, or shall be barred.

(k) This section applies only to common interest communities created on or after August 1, 2010.

Sec. 71. Minnesota Statutes 2010, section 609.131, subdivision 2, is amended to read:

Subd. 2. **Certain violations excepted.** Subdivision 1 does not apply to a misdemeanor violation of section 169A.20; 171.09, subdivision 1, paragraph ~~(e)~~ (g); 171.306, subdivision 6; 609.224; 609.2242; 609.226; 609.324, subdivision 3; 609.52; or 617.23, or an ordinance that conforms in substantial part to any of those sections. A violation described in this subdivision must be treated as a misdemeanor unless the defendant consents to the certification of the violation as a petty misdemeanor.

Sec. 72. Laws 2011, First Special Session chapter 8, article 7, section 19, is amended to read:

Sec. 19. **EFFECTIVE DATE; LOCAL APPROVAL.**

(a) Sections 1 to 16, 17, paragraphs (a) to (d), and 18 are effective December 30, 2011, if the board of trustees of the Minneapolis Police Relief Association approves the article and if a majority of the entire membership of the Minneapolis Police Relief Association approves the article, if the chief administrative officer of the Minneapolis Police Relief Association certifies those approvals to the mayor of the city of Minneapolis and the president of the Minneapolis city council before September 15, 2011, if the board of trustees of the Public Employees Retirement Association approves the article, if the executive director of the Public Employees Retirement Association certifies that approval to the mayor of the city of Minneapolis and the president of the Minneapolis city council, if the governing body of the city of Minneapolis and the chief clerical officer of Minneapolis timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, on or before October 15, 2011, or on the date set by the board of trustees of the Public Employees Retirement Association, in consultation with the mayor of the city of Minneapolis and the executive director of the relief association, at the first regular meeting of the Public Employees Retirement Association board of trustees occurring after Minneapolis city council approval if the governing body of the city of Minneapolis and the chief clerical officer of Minneapolis complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, after October 15, 2011, and if a comparable consolidation relating to the Minneapolis Firefighters Relief Association is approved by all applicable entities under article ~~7~~ 6.

(b) If the approvals occur under paragraph (a) in a timely fashion, section 17, paragraph (e), is effective on the day following approval by the Minneapolis city council.

Sec. 73. **SUPERSEDING ACTS.**

Any amendments or repeals enacted in the 2012 session of the legislature to sections also amended or repealed in this act supersede the amendments or repeals in this act, regardless of order of enactment.

Sec. 74. **REVISOR'S INSTRUCTIONS.**

Subdivision 1. **Pediatric vaccine administration.** The revisor shall renumber Minnesota Statutes, section 145.667, as section 145.671 and renumber Minnesota Statutes, section 145.668, as section 145.672. The revisor shall change any cross-references to reflect the changes in this section.

Subd. 2. **Registration of pharmacy technicians.** In Minnesota Rules, part 6800.3850, subpart 1h, item B, the revisor shall change "January 1, 2013" to "January 1, 2014" and change "January 1, 2012" to "January 1, 2013."

Sec. 75. **REPEALERS.**

Subdivision 1. **Obsolete section.** Minnesota Statutes 2010, section 62Q.10, is repealed.

Subd. 2. **Obsolete subdivision.** Minnesota Statutes 2010, section 148C.04, subdivision 3, is repealed.

Subd. 3. **Obsolete subdivision.** Minnesota Statutes 2010, section 326B.82, subdivision 1, is repealed.

Subd. 4. **Obsolete rule.** Minnesota Rules, part 4604.0600, subpart 2, is repealed.

Subd. 5. **Statutory conflict.** Laws 2011, First Special Session chapter 9, article 6, section 87, is repealed effective retroactively from July 21, 2011.

Subd. 6. **Statutory conflict.** Laws 2011, chapter 22, article 1, section 1, is repealed.

ARTICLE 2

DATA PRACTICES

Section 1. Minnesota Statutes 2010, section 13.6401, subdivision 2, is amended to read:

Subd. 2. **Department of Management and Budget.** (a) **Financial documents.** Data sharing of financial documents between agencies and the commissioner of management and budget is governed by section 16A.055.

(b) **Electronic payments.** Data relating to government services transactions is governed by section 16A.626.

(c) **Register of ownership of bonds or certificates.** Information in a register of ownership of state bonds or certificates is classified under section 16A.672, subdivision 11, or, for tobacco securitization bonds, under section 16A.98, subdivision 5, paragraph (l).

Sec. 2. Minnesota Statutes 2010, section 13.716, subdivision 1, is amended to read:

Subdivision 1. **Scope.** The sections referred to in ~~subdivisions 2 to 7~~ this section are codified outside chapter 13. Those sections classify general insurance powers data as other than public, place restrictions on access to government data, or involve data sharing.

Sec. 3. Minnesota Statutes 2010, section 13.7191, is amended by adding a subdivision to read:

Subd. 20. **Broker association data.** Certain reports and recommendations made by a broker association to the commissioner of commerce regarding the financial condition of any eligible surplus lines insurer are classified under section 60A.208, subdivision 7.

Sec. 4. Minnesota Statutes 2010, section 13.7191, is amended by adding a subdivision to read:

Subd. 21. **Surplus Lines Association data.** Certain data submitted to the commissioner of commerce by the Surplus Lines Association of Minnesota are classified under section 60A.2085, subdivision 8.

Sec. 5. Minnesota Statutes 2010, section 13.7191, is amended by adding a subdivision to read:

Subd. 22. **Resident adjuster license; background check data.** Certain data obtained during background checks of applicants for a resident adjuster license are classified under section 72B.041, subdivision 2.

Sec. 6. Minnesota Statutes 2010, section 13.805, subdivision 1, is amended to read:

Subdivision 1. **Scope.** The ~~section~~ sections referred to in ~~subdivision 2~~ is this section are codified outside this chapter. This section classifies address confidentiality program data as other than public.

ARTICLE 3

CONFORMING CHANGES WITH 2011 BOARD OF SOCIAL WORK PRACTICE ACT

Section 1. Minnesota Statutes 2010, section 13.383, subdivision 10, is amended to read:

Subd. 10. **Social workers.** (a) **Disciplinary data generally.** Data held by the Board of Social Work in connection with disciplinary matters are classified under sections ~~148D.255 to 148D.270~~ 148E.255 to 148E.270.

(b) **Reports of violations.** Certain reports of violations submitted to the Board of Social Work are classified under sections ~~148D.240 to 148D.250~~ 148E.240 to 148E.250.

(c) **Client records.** Client records of a patient cared for by a social worker who is under review by the Board of Social Work are classified under section ~~148D.230~~ 148E.230.

Sec. 2. Minnesota Statutes 2010, section 148D.061, is amended to read:

148D.061 PROVISIONAL LICENSES.

Subdivision 1. **Requirements for a provisional license.** An applicant may be issued a provisional license if the applicant:

- (1) was born in a foreign country;
- (2) communicates in English as a second language;

(3) has taken the applicable examination administered by the Association of Social Work Boards or similar examination body designated by the board;

(4) has met the requirements of section ~~148D.055~~ 148E.055, subdivision 2, paragraph (a), clauses (1), (3), (4), (5), and (6); or subdivision 3, paragraph (a), clauses (1), (3), (4), (5), and (6); or subdivision 4, paragraph (a), clauses (1), (2), (4), (5), (6), and (7); or subdivision 5, paragraph (a), clauses (1), (2), (4), (5), (6), and (7); and

(5) complies with the requirements of subdivisions 2 to 7.

Subd. 2. **License term.** (a) A provisional license is valid until expiration, or until the board issues or denies a license under section ~~148D.055~~ 148E.055, or until the board revokes the provisional license, whichever occurs first.

(b) A provisional license expires three years after the effective date of the license.

Subd. 3. **Scope of practice.** A licensee who is issued a provisional license must comply with the requirements of section ~~148D.050~~ 148E.050.

Subd. 4. **Fee.** A licensee who is issued a provisional license must pay the appropriate license fee specified in section ~~148D.180~~ 148E.180.

Subd. 5. **Supervised practice requirements.** A licensee who is issued a provisional license must document supervised practice as provided in section 148D.062. If a licensee issued a provisional license is granted a license under section ~~148D.055~~ 148E.055, the licensee must also meet the supervised practice requirements in sections ~~148D.100 to 148D.115~~ 148E.100 to 148E.115. The supervised practice completed under a provisional license does not apply to this requirement.

Subd. 6. **Evaluation by supervisor.** (a) After being issued a provisional license under subdivision 1, the licensee's supervisor must submit an evaluation every six months during the first 2,000 hours of social work practice. The evaluation must meet the requirements in section 148D.063. The supervisor must meet the eligibility requirements specified in section 148D.062.

(b) After completion of 2,000 hours of supervised social work practice, the licensee's supervisor must submit a final evaluation and attest to the applicant's ability to engage in the practice of social work competently and ethically.

Subd. 7. **Completion of requirements.** Upon completion of the requirements for a provisional license under subdivisions 1 to 6, an applicant shall not practice social work in Minnesota except as provided in section ~~148D.065~~ 148E.065, unless licensed according to section ~~148D.055~~ 148E.055.

Subd. 8. **Disciplinary or other action.** The board may take action according to sections ~~148D.260 to 148D.270~~ 148E.260 to 148E.270 if:

(1) the licensee's supervisor does not submit an evaluation as required by section 148D.063;

(2) an evaluation submitted according to section 148D.063 indicates that the licensee cannot practice social work competently and ethically; or

(3) the licensee does not comply with the requirements of subdivisions 1 to 7.

Subd. 9. **Revocation of provisional license.** The board may immediately revoke the provisional license of a licensee who violates any requirements of this section. The revocation must be made for cause. A licensee whose provisional license is revoked must immediately return the provisional license to the board.

Sec. 3. Minnesota Statutes 2010, section 148D.062, subdivision 4, is amended to read:

Subd. 4. **Supervisor requirements.** (a) The supervision required by subdivision 1 must be provided by a supervisor who meets the requirements in section ~~148D.120~~ 148E.120 and has either:

(1) 5,000 hours experience engaged in authorized social work practice; or

(2) completed 30 hours of training in supervision, which may be satisfied by completing academic coursework in supervision or continuing education courses in supervision as defined in section ~~148D.010~~ 148E.010, subdivision ~~16~~ 18.

(b) Supervision must be provided:

(1) if the supervisee is not engaged in clinical practice and the supervisee has a provisional license to practice as a licensed social worker, by a licensed social worker who has completed the supervised practice requirements;

(2) if the supervisee is not engaged in clinical practice and the supervisee has a provisional license to practice as a licensed graduate social worker, licensed independent social worker, or licensed independent clinical social worker, by:

(i) a licensed graduate social worker who has completed the supervised practice requirements;

(ii) a licensed independent social worker; or

(iii) a licensed independent clinical social worker;

(3) if the supervisee is engaged in clinical practice and the supervisee has a provisional license to practice as a licensed graduate social worker, licensed independent social worker, or licensed independent clinical social worker, by a licensed independent clinical social worker; or

(4) by a supervisor who meets the requirements in section ~~148D.120~~ 148E.120, subdivision 2.

Sec. 4. Minnesota Statutes 2010, section 148D.063, subdivision 2, is amended to read:

Subd. 2. **Evaluation.** (a) When a licensee's supervisor submits an evaluation to the board according to section 148D.061, subdivision 6, the supervisee and supervisor must provide the following information on a form provided by the board:

(1) the name of the supervisee, the name of the agency in which the supervisee is being supervised, and the supervisee's position title;

(2) the name and qualifications of the supervisor;

(3) the number of hours and dates of each type of supervision completed;

(4) the supervisee's position description;

(5) a declaration that the supervisee has not engaged in conduct in violation of the standards of practice in sections ~~148D.195 to 148D.240~~ 148E.195 to 148E.240;

(6) a declaration that the supervisee has practiced competently and ethically according to professional social work knowledge, skills, and values; and

(7) on a form provided by the board, an evaluation of the licensee's practice in the following areas:

- (i) development of professional social work knowledge, skills, and values;
- (ii) practice methods;
- (iii) authorized scope of practice;
- (iv) ensuring continuing competence;
- (v) ethical standards of practice; and
- (vi) clinical practice, if applicable.

(b) The supervisor must attest to the satisfaction of the board that the supervisee has met or has made progress on meeting the applicable supervised practice requirements.

Sec. 5. Minnesota Statutes 2010, section 148E.100, subdivision 2a, is amended to read:

Subd. 2a. **Supervised practice obtained prior to August 1, 2011.** (a) Notwithstanding the requirements in subdivisions 1 and 2, the board shall approve hours of supervised practice completed prior to August 1, 2011, which comply with Minnesota Statutes 2010, sections 148D.100 to 148D.125. These hours must apply to supervised practice requirements in effect as specified in this section.

(b) Any additional hours of supervised practice obtained effective August 1, 2011, must comply with the increased requirements specified in this section.

Sec. 6. Minnesota Statutes 2010, section 148E.105, subdivision 2a, is amended to read:

Subd. 2a. **Supervised practice obtained prior to August 1, 2011.** (a) Notwithstanding the requirements in subdivisions 1 and 2, the board shall approve hours of supervised practice completed prior to August 1, 2011, which comply with Minnesota Statutes 2010, sections 148D.100 to 148D.125. These hours shall apply to supervised practice requirements in effect as specified in this section.

(b) Any additional hours of supervised practice obtained effective August 1, 2011, must comply with the increased requirements specified in this section.

Sec. 7. Minnesota Statutes 2010, section 148E.106, subdivision 2a, is amended to read:

Subd. 2a. **Supervised practice obtained prior to August 1, 2011.** (a) Notwithstanding the requirements in subdivisions 1 and 2, the board shall approve hours of supervised practice completed prior to August 1, 2011, which comply with Minnesota Statutes 2010, sections 148D.100 to 148D.125. These hours shall apply to supervised practice requirements in effect as specified in this section.

(b) Any additional hours of supervised practice obtained effective August 1, 2011, must comply with the increased requirements specified in this section.

(c) Notwithstanding the requirements in subdivision 2, clause (1), direct clinical client contact hours are (i) not required prior to August 1, 2011, and (ii) not required of a licensed graduate social worker engaged in clinical practice with a licensed graduate social worker license issue date prior to August 1, 2011.

Sec. 8. Minnesota Statutes 2010, section 148E.110, subdivision 1a, is amended to read:

Subd. 1a. **Supervised practice obtained prior to August 1, 2011.** (a) Notwithstanding subdivision 1, the board shall approve supervised practice hours

completed prior to August 1, 2011, which comply with Minnesota Statutes 2010, sections 148D.100 to 148D.125. These hours must apply to supervised practice requirements in effect as specified in this section.

(b) Any additional hours of supervised practice obtained on or after August 1, 2011, must comply with the increased requirements in this section.

Sec. 9. Minnesota Statutes 2010, section 148E.115, subdivision 1a, is amended to read:

Subd. 1a. **Supervised practice obtained prior to August 1, 2011.** (a) Notwithstanding subdivisions 1 and 2, applicants and licensees who have completed hours of supervised practice prior to August 1, 2011, which comply with Minnesota Statutes 2010, sections 148D.100 to 148D.125, may have that supervised practice applied to the licensing requirement.

(b) Any additional hours of supervised practice obtained on or after August 1, 2011, must comply with the increased requirements in this section.

(c) Notwithstanding subdivision 1, in order to qualify for the licensed independent clinical social work license, direct clinical client contact hours are:

(1) not required prior to August 1, 2011; and

(2) not required of either a licensed graduate social worker or a licensed independent social worker engaged in clinical practice with a license issued prior to August 1, 2011.

Sec. 10. Minnesota Statutes 2010, section 148E.130, subdivision 1a, is amended to read:

Subd. 1a. **Increased clock hours required effective August 1, 2011.** (a) Notwithstanding the requirements in subdivision 8, the clock hours specified in subdivisions 1 and 4 to 6 apply to all new licenses issued effective August 1, 2011, under section 148E.055.

(b) Any licensee issued a license prior to August 1, 2011, under Minnesota Statutes 2010, section 148D.055 must comply with the increased clock hours in subdivisions 1 and 4 to 6, and must document the clock hours at the first two-year renewal term after August 1, 2011.

Sec. 11. Minnesota Statutes 2010, section 214.01, subdivision 2, is amended to read:

Subd. 2. **Health-related licensing board.** "Health-related licensing board" means the Board of Examiners of Nursing Home Administrators established pursuant to section 144A.19, the Office of Unlicensed Complementary and Alternative Health Care Practice established pursuant to section 146A.02, the Board of Medical Practice created pursuant to section 147.01, the Board of Nursing created pursuant to section 148.181, the Board of Chiropractic Examiners established pursuant to section 148.02, the Board of Optometry established pursuant to section 148.52, the Board of Physical Therapy established pursuant to section 148.67, the Board of Psychology established pursuant to section 148.90, the Board of Social Work pursuant to section ~~148D.025~~ 148E.025, the Board of Marriage and Family Therapy pursuant to section 148B.30, ~~the Office of Mental Health Practice established pursuant to section 148B.61~~, the Board of Behavioral Health and Therapy established by section 148B.51, the Board of Dietetics and Nutrition Practice established under section 148.622, the Board of Dentistry established pursuant to section 150A.02, the Board of Pharmacy established pursuant to section 151.02, the Board of Podiatric

Medicine established pursuant to section 153.02, and the Board of Veterinary Medicine established pursuant to section 156.01.

Sec. 12. Minnesota Statutes 2010, section 256B.0625, subdivision 19c, is amended to read:

Subd. 19c. **Personal care.** Medical assistance covers personal care assistance services provided by an individual who is qualified to provide the services according to subdivision 19a and sections 256B.0651 to 256B.0656, provided in accordance with a plan, and supervised by a qualified professional.

"Qualified professional" means a mental health professional as defined in section 245.462, subdivision 18, or 245.4871, subdivision 27; or a registered nurse as defined in sections 148.171 to 148.285, a licensed social worker as defined in sections ~~148D.010 and 148D.055~~ 148E.010 and 148E.055, or a qualified developmental disabilities specialist under section 245B.07, subdivision 4. The qualified professional shall perform the duties required in section 256B.0659.

Presented to the governor April 17, 2012

Signed by the governor April 18, 2012, 01:51 p.m.