

CHAPTER 77--S.F.No. 888

An act relating to the operation of state government; appropriating money for the legislature, governor's office, state auditor, attorney general, secretary of state, certain agencies, boards, councils, retirement funds, military affairs, and veterans affairs; cancellation of certain appropriations; requiring general incentive proposals for review by the legislative auditor; allowing counties to elect to have an audit conducted by a CPA firm; changing the signature requirement for phone records of certain public officials; creating three ethnic councils; allowing prepay for certain software and information technology hosting services; changing provisions on report on budget reserve percentage; providing reimbursement for reasonable accommodation; modifying grant agreement provisions; making changes to guaranteed energy-savings program, small business requirements, and veteran-owned small businesses; establishing healthy eating, here at home program; establishing expedited and temporary licensing for former and current members of the military for certain occupations; changing certain provisions governing cosmetology; assessing certain costs for Office of Administrative Hearings; requirements for reinstatement of a foreign corporation; making changes to provisions governing public benefit corporations; modifying provisions for accountants; changing certain requirements for corporations; modifying gambling provisions; limiting railroad condemnation powers in certain interests; modifying debt service provision for legislative parking garage; requiring some room numbers on signage in the Capitol to identify legacy rooms; providing in-lieu of rent evaluation; allowing board of cosmetology to adopt rules; specifying political contribution credit; specifying state agency technology projects; requiring the legislative auditor to evaluate the efficacy of the state auditor's examinations; requiring a report on reduction of chief information officers in state agencies; making changes to provisions governing military and veterans affairs; changing provisions governing pari-mutuel horse racing; setting certain fees; requiring reports; amending Minnesota Statutes 2014, sections 3.8843, subdivision 5; 10.43; 16A.065; 16A.152, subdivision 8; 16B.97, subdivision 1; 16B.98, subdivisions 1, 11; 16C.144; 16C.16, subdivisions 2, 6a, by adding a subdivision; 16C.19; 148.57, by adding a subdivision; 148.624, subdivision 5; 148B.33, by adding a subdivision; 148B.53, by adding a subdivision; 148B.5301, by adding a subdivision; 148F.025, by adding a subdivision; 153.16, subdivisions 1, 4; 154.003; 154.11, subdivision 3; 155A.21; 155A.23, subdivision 8, by adding subdivisions; 155A.24, subdivision 2; 155A.25, subdivisions 1a, 5, by adding subdivisions; 155A.27, subdivisions 1, 2, 5a; 155A.271; 155A.29, subdivisions 1, 2, by adding a subdivision; 155A.30, subdivisions 5, 10; 161.1419, subdivision 8; 190.19, subdivisions 2a, 3; 192.38, subdivision 1; 192.501, by adding a subdivision; 197.133; 197.46; 198.01; 211B.37; 240.01, subdivision 22, by adding subdivisions; 240.011; 240.03; 240.08, subdivisions 2, 4, 5; 240.10; 240.13, subdivisions 5, 6; 240.135; 240.15, subdivisions 1, 6; 240.16, subdivision 1; 240.22; 240.23; 272.484; 303.19; 304A.301, subdivisions 1, 5, 6, by adding a subdivision; 326A.01, subdivisions 2, 12, 13a, 15, 16; 326A.02, subdivisions 3, 5; 326A.05, subdivisions 1, 3; 326A.08, subdivision 7; 326A.10; 336A.09, subdivision 1; 349.16, subdivision 6a; 349.161, subdivision 4; 349.163, subdivisions 2, 6; 349.166, subdivision 2; 364.09; Laws 2013, chapter 142, article 1, section 10; Laws 2014, chapter 287, section 25; proposing coding for new law in Minnesota Statutes, chapters 3; 6; 15; 16B; 138; 197; 383B; repealing Minnesota Statutes 2014,

sections 3.9223; 3.9225; 3.9226, subdivisions 1, 2, 3, 4, 5, 6, 7; 6.48; 155A.23, subdivision 6; 197.131; 197.132; 240.01, subdivisions 12, 23; 375.23.

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

ARTICLE 1

STATE GOVERNMENT APPROPRIATIONS

Section 1. **STATE GOVERNMENT APPROPRIATIONS.**

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

APPROPRIATIONS	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2016</u>	<u>2017</u>

Sec. 2. **LEGISLATURE**

Subdivision 1. **Total**

<u>Appropriation</u>	<u>\$</u>	<u>76,304,000</u>	<u>82,132,000</u>
<u>Appropriations by Fund</u>			
	<u>2016</u>	<u>2017</u>	
General	<u>76,176,000</u>	<u>82,004,000</u>	
Health Care Access	<u>128,000</u>	<u>128,000</u>	

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

The appropriations in this section may be used for any purpose relating to the functions of the entities receiving the appropriations, including but not limited to member and employee compensation and expenses, supplies, payments required under lease agreements for real property, and other expenses associated with legislative sessions, interim activities, public hearings and other public outreach activities, and related activities. The Senate Committee on Rules and Administration for the Senate, the House of Representatives Committee on Rules and Legislative Administration for the House of Representatives, and the Legislative Coordinating Commission for entities

under its control must each adopt a budget approving use of these appropriations for specific purposes. The budget must approve use of specific amounts for employee compensation, member compensation, rental payments under a lease, and other categories determined by the rules committees and the Legislative Coordinating Commission. The budget must be adopted after this appropriation is enacted.

<u>Subd. 2. Senate</u>	<u>27,962,000</u>	<u>32,286,000</u>
-------------------------------	-------------------	-------------------

The base for fiscal year 2018 is \$32,299,000 and for fiscal year 2019 is \$32,105,000.

<u>Subd. 3. House of Representatives</u>	<u>31,439,000</u>	<u>32,383,000</u>
---	-------------------	-------------------

During the biennium ending June 30, 2017, any revenues received by the house of representatives from voluntary donations to support broadcast or print media are appropriated to the house of representatives.

<u>Subd. 4. Legislative Coordinating Commission</u>	<u>16,903,000</u>	<u>17,463,000</u>
--	-------------------	-------------------

Appropriations by Fund

<u>General</u>	<u>16,775,000</u>	<u>17,335,000</u>
<u>Health Care Access</u>	<u>128,000</u>	<u>128,000</u>

\$6,564,000 each year from the general fund is to the Office of the Legislative Auditor. The auditor is requested to conduct a special review of the Department of Veterans Affairs financial management of Minnesota veterans homes. This review should include an examination of the department's:

- (1) management of increasing compensation costs, including any projected increases in staffing levels;
- (2) use of reserve funds in the special revenue fund to manage shortfalls in funding;
- (3) implementation of federal Centers for Medicare and Medicaid Services certification requirements, and the ability to accurately forecast and obtain federal reimbursements;
- (4) operation of the adult day care program at the Minneapolis campus; and
- (5) management of facilities operating costs, including plans to address the needs of aging facilities.

\$380,000 in fiscal year 2017 is for the revisor's administrative rules system. This is a onetime appropriation.

\$297,000 the first year and \$298,000 the second year is for the Office of the Revisor of Statutes to maintain and improve information technology services.

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

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

Sec. 3. GOVERNOR AND LIEUTENANT GOVERNOR

\$	<u>3,615,000</u>	\$	<u>3,616,000</u>
----	------------------	----	------------------

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

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

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

Sec. 4. <u>STATE AUDITOR</u>	\$	<u>2,185,000</u>	\$	<u>2,231,000</u>
-------------------------------------	----	------------------	----	------------------

Sec. 5. <u>ATTORNEY GENERAL</u>	\$	<u>24,343,000</u>	\$	<u>24,343,000</u>
--	----	-------------------	----	-------------------

Appropriations by Fund

<u>2016</u>	<u>2017</u>
-------------	-------------

<u>General</u>	<u>22,125,000</u>	<u>22,125,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>1,823,000</u>	<u>1,823,000</u>
<u>Environmental</u>	<u>145,000</u>	<u>145,000</u>
<u>Remediation</u>	<u>250,000</u>	<u>250,000</u>

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

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

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

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

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

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

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>380,000</u>	<u>383,000</u>
<u>Workers' Compensation</u>	<u>7,250,000</u>	<u>7,250,000</u>

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

\$6,000 in fiscal year 2016 and \$6,000 in fiscal year 2017 are appropriated from the general fund to the

Office of Administrative Hearings for the cost of considering data practices complaints filed under Minnesota Statutes, section 13.085. These amounts may be used in either year of the biennium.

Sec. 10. **MN.IT SERVICES**

\$ 2,526,000 \$ 2,622,000

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

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

Sec. 11. **ADMINISTRATION**

Subdivision 1. **Total Appropriation**

\$ 24,397,000 \$ 22,346,000

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

Subd. 2. **Government and Citizen Services**

9,465,000 8,600,000

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

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

\$200,000 in fiscal year 2016 and \$200,000 in fiscal year 2017 are credited to the accommodation account established in Minnesota Statutes, section 16B.4805. In fiscal year 2016, the commissioner of administration may use five percent of the appro-

priation for fiscal year 2016 for developing policies and procedures to implement the reimbursement program established in Minnesota Statutes, section 16B.4805, and for educating qualifying agencies about the availability of and process for receiving reimbursement for accommodation expenses.

<u>Subd. 3. Strategic Management Services</u>	<u>1,975,000</u>	<u>2,009,000</u>
--	------------------	------------------

<u>Subd. 4. Fiscal Agent</u>	<u>12,957,000</u>	<u>11,737,000</u>
-------------------------------------	-------------------	-------------------

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

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

Relocation Expenses. \$1,380,000 the first year and \$960,000 the second year are for rent loss and relocation expenses related to the Capitol renovation project. This is a onetime appropriation.

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

(b) \$550,000 the first year and \$250,000 the second year are for public television equipment grants under Minnesota Statutes, section 129D.13.

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

(d) \$592,000 the first year and \$392,000 the second year are for community service grants to public educational radio stations. This appropriation may be used to disseminate emergency information in foreign languages.

(e) \$167,000 the first year and \$117,000 the second year are for equipment grants to public educational

radio stations. This appropriation may be used for the repair, rental, and purchase of equipment including equipment under \$500.

(f) \$560,000 the first year and \$310,000 the second year are for equipment grants to Minnesota Public Radio, Inc., including upgrades to Minnesota's Emergency Alert and AMBER Alert Systems.

(g) The appropriations in paragraphs (d), (e), and (f), may not be used for indirect costs claimed by an institution or governing body. The commissioner of administration must consider the recommendations of the Minnesota Public Educational Radio Stations before awarding grants under Minnesota Statutes, section 129D.14, using the appropriations in paragraphs (d), (e), and (f). No grantee is eligible for a grant unless they are a member of the Association of Minnesota Public Educational Radio Stations on or before July 1, 2015.

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

Sec. 12. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD

\$	<u>340,000</u>	\$	<u>345,000</u>
----	----------------	----	----------------

Sec. 13. MINNESOTA MANAGEMENT AND BUDGET

\$	<u>22,398,000</u>	\$	<u>23,691,000</u>
----	-------------------	----	-------------------

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

\$121,000 the first year and \$122,000 the second year are to develop and implement a return on taxpayer investment (ROTI) methodology using the Pew-MacArthur Results First framework to evaluate corrections and human services programs administered and funded by state and county governments. The commissioner shall engage and work with staff from Pew-MacArthur Results First, and shall consult with representatives of

other state agencies, counties, legislative staff, the commissioners of corrections and human services, and other commissioners of state agencies and stakeholders to implement the established methodology. The commissioner of management and budget shall report on implementation progress and make recommendations to the governor and legislature by January 31, 2017.

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

Sec. 14. **REVENUE**

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>144,438,000</u>	<u>\$</u>	<u>146,112,000</u>
--	------------------	---------------------------	------------------	---------------------------

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	140,203,000	141,877,000
<u>Health Care Access</u>	1,749,000	1,749,000
<u>Highway User Tax</u>		
<u>Distribution</u>	2,183,000	2,183,000
<u>Environmental</u>	303,000	303,000

<u>Subd. 2. Tax System Management</u>		<u>115,822,000</u>		<u>117,496,000</u>
--	--	---------------------------	--	---------------------------

Appropriations by Fund

<u>General</u>	111,587,000	113,261,000
<u>Health Care Access</u>	1,749,000	1,749,000
<u>Highway User Tax</u>		
<u>Distribution</u>	2,183,000	2,183,000
<u>Environmental</u>	303,000	303,000

Appropriation; Taxpayer Assistance. (a) \$400,000 each year from the general fund is for grants to one or more nonprofit organizations, qualifying under section 501(c)(3) of the Internal Revenue Code of 1986, to coordinate, facilitate, encourage, and aid in the provision of taxpayer assistance services. The un-

encumbered balance in the first year does not cancel but is available for the second year.

(b) For purposes of this section, "taxpayer assistance services" means accounting and tax preparation services provided by volunteers to low-income, elderly, and disadvantaged Minnesota residents to help them file federal and state income tax returns and Minnesota property tax refund claims and to provide personal representation before the Department of Revenue and Internal Revenue Service.

Subd. 3. Debt Collection Management		<u>28,616,000</u>	<u>28,616,000</u>
--	--	-------------------	-------------------

Sec. 15. GAMBLING CONTROL	\$	<u>3,260,000</u>	\$ <u>3,324,000</u>
----------------------------------	-----------	-------------------------	----------------------------

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

Sec. 16. RACING COMMISSION	\$	<u>1,168,000</u>	\$ <u>1,153,000</u>
-----------------------------------	-----------	-------------------------	----------------------------

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>269,000</u>	<u>72,000</u>
<u>Special Revenue</u>	<u>899,000</u>	<u>1,081,000</u>

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

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

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

Sec. 17. STATE LOTTERY

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

Sec. 18. <u>AMATEUR SPORTS COMMISSION</u>	\$	<u>300,000</u>	\$	<u>300,000</u>
Sec. 19. <u>COUNCIL ON BLACK MINNESOTANS</u>	\$	<u>396,000</u>	\$	<u>401,000</u>
Sec. 20. <u>COUNCIL ON ASIAN-PACIFIC MINNESOTANS</u>	\$	<u>359,000</u>	\$	<u>364,000</u>
Sec. 21. <u>COUNCIL ON AFFAIRS OF CHICANO/LATINO PEOPLE</u>	\$	<u>381,000</u>	\$	<u>386,000</u>
Sec. 22. <u>INDIAN AFFAIRS COUNCIL</u>	\$	<u>569,000</u>	\$	<u>576,000</u>
Sec. 23. <u>MINNESOTA HISTORICAL SOCIETY</u>				
Subdivision 1. <u>Total Appropriation</u>	\$	<u>22,022,000</u>	\$	<u>22,193,000</u>

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

Subd. 2. <u>Operations and Programs</u>	<u>21,576,000</u>	<u>21,822,000</u>
---	-------------------	-------------------

Notwithstanding Minnesota Statutes, section 138.668, the Minnesota Historical Society may not charge a fee for its general tours at the Capitol, but may charge fees for special programs other than general tours.

Subd. 3. Fiscal Agent

(a) <u>Minnesota International Center</u>	<u>39,000</u>	<u>39,000</u>
(b) <u>Minnesota Air National Guard Museum</u>	<u>17,000</u>	<u>17,000</u>
(c) <u>Minnesota Military Museum</u>	<u>100,000</u>	<u>100,000</u>

\$50,000 in fiscal year 2016 and \$50,000 in fiscal year 2017 are for an archivist position. This is a onetime appropriation and available until June 30, 2017.

(d) <u>Farmamerica</u>	<u>190,000</u>	<u>115,000</u>
------------------------	----------------	----------------

\$75,000 in fiscal year 2016 is for a grant to Farmamerica, the Minnesota agriculture interpretive center, for capital improvements.

(e) <u>Hockey Hall of Fame</u>	<u>100,000</u>	<u>100,000</u>
--------------------------------	----------------	----------------

Balances Forward. Any unencumbered balance remaining in this subdivision the first year does not cancel but is available for the second year of the biennium.

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

Subdivision 1. <u>Total Appropriation</u>	<u>\$</u>	<u>7,522,000</u>	<u>\$</u>	<u>7,530,000</u>
--	------------------	-------------------------	------------------	-------------------------

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

Subd. 2. <u>Operations and Services</u>	<u>583,000</u>	<u>591,000</u>
--	----------------	----------------

Subd. 3. <u>Grants Program</u>	<u>4,800,000</u>	<u>4,800,000</u>
---------------------------------------	------------------	------------------

Subd. 4. <u>Regional Arts Councils</u>	<u>2,139,000</u>	<u>2,139,000</u>
---	------------------	------------------

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

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

Sec. 25. <u>MINNESOTA HUMANITIES CENTER</u>	<u>\$</u>	<u>675,000</u>	<u>\$</u>	<u>675,000</u>
--	------------------	-----------------------	------------------	-----------------------

\$325,000 in fiscal year 2016 and \$325,000 in fiscal year 2017 are for the healthy eating, here at home program under Minnesota Statutes, section 138.912. No more than three percent of the appropriation may be used for the nonprofit administration of the grant program under Minnesota Statutes, section 138.912.

Sec. 26. <u>BOARD OF ACCOUNTANCY</u>	<u>\$</u>	<u>639,000</u>	<u>\$</u>	<u>641,000</u>
---	------------------	-----------------------	------------------	-----------------------

Sec. 27. **BOARD OF ARCHITECTURE
ENGINEERING, LAND SURVEYING, LANDSCAPE
ARCHITECTURE, GEOSCIENCE, AND INTERIOR
DESIGN**

<u>\$</u>	<u>784,000</u>	<u>\$</u>	<u>794,000</u>
------------------	-----------------------	------------------	-----------------------

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

<u>\$</u>	<u>2,565,000</u>	<u>\$</u>	<u>2,584,000</u>
------------------	-------------------------	------------------	-------------------------

Sec. 29. **BOARD OF BARBER EXAMINERS**

<u>\$</u>	<u>321,000</u>	<u>\$</u>	<u>325,000</u>
------------------	-----------------------	------------------	-----------------------

Sec. 30. **GENERAL CONTINGENT ACCOUNTS**

<u>\$</u>	<u>1,000,000</u>	<u>\$</u>	<u>500,000</u>
------------------	-------------------------	------------------	-----------------------

Appropriations by Fund

2016

2017

<u>General</u>	<u>500,000</u>	<u>-0-</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>400,000</u>	<u>400,000</u>
<u>Workers' Compensation</u>	<u>100,000</u>	<u>100,000</u>

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

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

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

Sec. 31. <u>TORT CLAIMS</u>	<u>\$</u>	<u>161,000</u>	<u>\$</u>	<u>161,000</u>
------------------------------------	------------------	-----------------------	------------------	-----------------------

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

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

Subdivision 1. <u>Total Appropriation</u>	<u>\$</u>	<u>6,552,000</u>	<u>\$</u>	<u>8,936,000</u>
--	------------------	-------------------------	------------------	-------------------------

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

Subd. 2. Combined Legislators and Constitutional Officers Retirement Plan

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

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

Sec. 33. <u>PUBLIC EMPLOYEES RETIREMENT ASSOCIATION</u>	<u>\$</u>	<u>6,000,000</u>	<u>\$</u>	<u>6,000,000</u>
--	------------------	-------------------------	------------------	-------------------------

Notwithstanding Minnesota Statutes, section 353.505, the state payments to the Public Employees Retirement Association on behalf of the former

MERF division account are \$6,000,000 on September 15, 2015 and \$6,000,000 on September 15, 2016.

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

The amounts estimated to be needed are as follows:

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

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

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

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

Sec. 36. **MILITARY AFFAIRS**

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

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

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

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

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

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

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

Sec. 37. **VETERANS AFFAIRS**

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>69,106,000</u>	<u>\$</u>	<u>73,679,000</u>
--	------------------	--------------------------	------------------	--------------------------

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

<u>Subd. 2. Veterans Programs and Services</u>		<u>16,393,000</u>		<u>16,461,000</u>
---	--	--------------------------	--	--------------------------

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

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

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

- (1) utilities;
- (2) employment; and
- (3) legal issues.

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

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

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

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

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

Subd. 3. Veterans Homes

52,713,000

57,218,000

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

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

Sec. 38. APPROPRIATION CANCELLATIONS

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

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

ARTICLE 2

STATE GOVERNMENT OPERATIONS

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

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

Sec. 2. [3.9735] EVALUATION OF ECONOMIC DEVELOPMENT INCENTIVE PROGRAMS.

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

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

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

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

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

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

Sec. 3. [6.481] COUNTY AUDITS.

Subdivision 1. **Powers and duties.** All the powers and duties conferred and imposed upon the state auditor shall be exercised and performed by the state auditor in respect to the offices, institutions, public

property, and improvements of several counties of the state. The state auditor may visit, without previous notice, each county and examine all accounts and records relating to the receipt and disbursement of the public funds and the custody of the public funds and other property. The state auditor shall prescribe and install systems of accounts and financial reports that shall be uniform, so far as practicable, for the same class of offices.

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

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

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

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

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

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

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

Sec. 4. Minnesota Statutes 2014, section 10.43, is amended to read:

10.43 TELEPHONE USE; APPROVAL.

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

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

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

Sec. 5. [15.0145] ETHNIC COUNCILS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) Each council shall receive administrative support from the commissioner of administration under section 16B.371. The council may contract in its own name but may not accept or receive a loan or incur indebtedness except as otherwise provided by law. Contracts must be approved by a majority of the members of the council and executed by the chair and the executive director. The council may apply for, receive, and expend in its own name grants and gifts of money consistent with the powers and duties specified in this section.

(e) The attorney general shall provide legal services to the councils on behalf of the state on all matters relating to the councils, including matters relating to the state as the employer of the executive directors of the council, and other council staff.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 6. Minnesota Statutes 2014, section 16A.065, is amended to read:

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

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

Sec. 7. Minnesota Statutes 2014, section 16A.152, subdivision 8, is amended to read:

Subd. 8. Report on budget reserve percentage. (a) The commissioner of management and budget shall develop and annually review a methodology for evaluating the adequacy of the budget reserve based on the volatility of Minnesota's general fund tax structure. The review must take into consideration relevant statistical and economic literature. After completing the review, the commissioner may revise the methodology if necessary. The commissioner must use the methodology to annually estimate the percentage of the current biennium's general fund nondedicated revenues recommended as a budget reserve.

(b) By January 15 September 30 of each year, the commissioner shall report the percentage of the current biennium's general fund nondedicated revenue that is recommended as a budget reserve to the chairs and ranking minority members of the ~~legislative committees with jurisdiction over the Department of Management and Budget~~ senate committee on finance, the house of representatives committee on ways and means, and the senate and house of representatives committees on taxes. The report must also specify:

(1) whether the commissioner revised the recommendation as a result of significant changes in the mix of general fund taxes or the base of one or more general fund taxes;

(2) whether the commissioner revised the recommendation as a result of a revision to the methodology; and

(3) any additional appropriate information.

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

Sec. 8. **[16B.4805] ACCOMMODATION REIMBURSEMENT.**

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

- (1) reasonable accommodations provided to applicants for employment;
- (2) reasonable accommodations for employees for services that will need to be provided on a periodic or ongoing basis; or
- (3) reasonable accommodations that involve onetime expenses that total more than \$1,000 for an employee in a fiscal year.

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

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

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

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

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

- (1) the number and type of accommodations requested;
- (2) the cost of accommodations requested;
- (3) the state agencies from which the requests were made;
- (4) the number of requests made for employees and the number of requests for applicants for employment;
- (5) the number and type of accommodations that were not provided;
- (6) any remaining balance left in the account;
- (7) if the account was depleted, the date on which funds were exhausted and the number, type, and cost of accommodations that were not reimbursed to state agencies; and

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

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

Sec. 9. Minnesota Statutes 2014, section 16B.97, subdivision 1, is amended to read:

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

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

Sec. 10. Minnesota Statutes 2014, section 16B.98, subdivision 1, is amended to read:

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

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

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

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

Sec. 12. Minnesota Statutes 2014, section 16C.144, is amended to read:

16C.144 GUARANTEED ENERGY-SAVINGS PROGRAM.

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

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

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

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

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

(e) "Operation and maintenance cost savings" means a measurable difference between operation and maintenance costs after the installation of the utility cost-savings measures pursuant to the guaranteed

energy-savings agreement and the baseline operation and maintenance costs after inflation adjustments have been made. Operation and maintenance costs savings shall not include savings from in-house staff labor.

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

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

- (1) utility rates;
- (2) number of days in the utility billing cycle;
- (3) square footage of the facility;
- (4) operational schedule of the facility;
- (5) facility temperature set points;
- (6) weather; and
- (7) amount of equipment or lighting utilized in the facility.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 13. Minnesota Statutes 2014, section 16C.16, subdivision 2, is amended to read:

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

Sec. 14. Minnesota Statutes 2014, section 16C.16, subdivision 6a, is amended to read:

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

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

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

Sec. 15. Minnesota Statutes 2014, section 16C.16, is amended by adding a subdivision to read:

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

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

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

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

16C.19 ELIGIBILITY; RULES.

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

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

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

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

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

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

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

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

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

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

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

Sec. 17. [138.912] HEALTHY EATING, HERE AT HOME.

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

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

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

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

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

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

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

Subd. 3. **Grants.** The Minnesota Humanities Center shall allocate grant funds to nonprofit organizations that work with Minnesota-based farmers' markets to provide up to \$10 vouchers to SNAP participants who use electronic benefits transfer (EBT) cards for healthy purchases. Funds may also be provided for vouchers distributed through nonprofit organizations engaged in healthy cooking and food education outreach to

eligible households for use at farmers' markets. Funds appropriated under this section may not be used for healthy cooking classes or food education outreach. When awarding grants, the Minnesota Humanities Center must consider how the nonprofit organizations will achieve geographic balance, including specific efforts to reach eligible households across the state, and the organizations' capacity to manage the programming and outreach.

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

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

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

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

Sec. 18. Minnesota Statutes 2014, section 148.57, is amended by adding a subdivision to read:

Subd. 6. **Expedited and temporary licensing for former and current members of the military.** (a) Applicants seeking licensure according to this subdivision must be:

(1) an active duty military member;

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

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

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

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

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

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

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

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

Sec. 19. Minnesota Statutes 2014, section 148.624, subdivision 5, is amended to read:

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

(1) an active duty military member;

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

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

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

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

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

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

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

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

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

Sec. 20. Minnesota Statutes 2014, section 148B.33, is amended by adding a subdivision to read:

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

(1) an active duty military member;

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

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

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

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

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

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

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

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

Sec. 21. Minnesota Statutes 2014, section 148B.53, is amended by adding a subdivision to read:

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

(1) an active duty military member;

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

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

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

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

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

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

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

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

Sec. 22. Minnesota Statutes 2014, section 148B.5301, is amended by adding a subdivision to read:

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

(1) an active duty military member;

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

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

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

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

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

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

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

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

Sec. 23. Minnesota Statutes 2014, section 148F.025, is amended by adding a subdivision to read:

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

(1) an active duty military member;

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

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

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

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

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

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

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

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

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

Sec. 24. Minnesota Statutes 2014, section 153.16, subdivision 1, is amended to read:

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

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

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

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

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

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

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

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

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

Sec. 25. Minnesota Statutes 2014, section 153.16, subdivision 4, is amended to read:

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

(1) is an active duty military member;

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

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

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

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

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

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

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

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

Sec. 26. Minnesota Statutes 2014, section 154.003, is amended to read:

154.003 FEES.

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

(b) The board shall charge the following fees:

- (1) examination and certificate, registered barber, \$85;
- (2) retake of written examination, registered barber, \$10;
- (3) examination and certificate, apprentice, \$80;
- (4) retake of written examination, apprentice, \$10;
- (5) examination, instructor, \$180;
- (6) certificate, instructor, \$65;
- (7) temporary teacher or apprentice permit, \$80;
- (8) temporary registered barber, military, \$85;
- (9) temporary barber instructor, military, \$180;
- (10) temporary apprentice barber, military, \$80;
- (11) renewal of registration, registered barber, \$80;
- ~~(9)~~ (12) renewal of registration, apprentice, \$70;
- ~~(10)~~ (13) renewal of registration, instructor, \$80;
- ~~(11)~~ (14) renewal of temporary teacher permit, \$65;
- ~~(12)~~ (15) student permit, \$45;
- ~~(13)~~ (16) renewal of student permit, \$25;
- ~~(14)~~ (17) initial shop registration, \$85;

- (15) (18) initial school registration, \$1,030;
- (16) (19) renewal shop registration, \$85;
- (17) (20) renewal school registration, \$280;
- (18) (21) restoration of registered barber registration, \$95;
- (19) (22) restoration of apprentice registration, \$90;
- (20) (23) restoration of shop registration, \$105;
- (21) (24) change of ownership or location, \$55;
- (22) (25) duplicate registration, \$40;
- (23) (26) home study course, \$75;
- (24) (27) letter of registration verification, \$25; and
- (25) (28) reinspection, \$100.

Sec. 27. Minnesota Statutes 2014, section 154.11, subdivision 3, is amended to read:

Subd. 3. **Temporary military license permits.** (a) In accordance with section 197.4552, the board shall establish issue a temporary license:

(1) permit for apprentice barbers and master;

(2) certificate for registered barbers; and a temporary permit for apprentices in accordance with section 197.4552. The fee for a temporary license under this subdivision for a master barber is \$85. The fee for a temporary license under this subdivision for a barber is \$180. The fee for a temporary permit under this subdivision for an apprentice is \$80.

(3) certificate for registered barber instructors.

(b) Fees for temporary military permits and certificates of registration under this subdivision are listed under section 154.003.

(c) Permits or certificates of registration issued under this subdivision are valid for one year from the date of issuance, after which the individual must complete a full application as required by section 197.4552.

Sec. 28. Minnesota Statutes 2014, section 155A.21, is amended to read:

155A.21 POLICY.

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

To this end, the public will best be served by vesting these responsibilities in the Board of Cosmetologist Examiners.

Sec. 29. Minnesota Statutes 2014, section 155A.23, subdivision 8, is amended to read:

Subd. 8. **Manager.** A "manager" is any person who ~~conducts, operates, or manages a cosmetology school or salon and who also instructs in or~~ is a cosmetologist, esthetician, advanced practice esthetician, or nail technician practitioner, and who has a manager license and provides any services under that license, as defined in subdivision 3. ~~A school manager must maintain an active salon manager's license.~~

Sec. 30. Minnesota Statutes 2014, section 155A.23, is amended by adding a subdivision to read:

Subd. 8a. **Mobile salon.** A "mobile salon" is a salon that is operated in a mobile vehicle or mobile structure for exclusive use to offer personal services, as defined in subdivision 3.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 31. Minnesota Statutes 2014, section 155A.23, is amended by adding a subdivision to read:

Subd. 14. **Advanced practice esthetician.** An "advanced practice esthetician" is a person who for compensation performs personal services for the cosmetic care of the skin, including the use of mechanical or electrical skin care apparatuses or appliances that are used on the epidermal layer of the skin.

EFFECTIVE DATE. This section is effective August 1, 2015, except that a license for an advanced practice esthetician must not be issued prior to January 1, 2018.

Sec. 32. Minnesota Statutes 2014, section 155A.23, is amended by adding a subdivision to read:

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

Sec. 33. Minnesota Statutes 2014, section 155A.23, is amended by adding a subdivision to read:

Subd. 16. **School manager.** A "school manager" is a cosmetologist who is a salon manager and who has a school manager license. A school manager must maintain an active salon manager's license.

Sec. 34. Minnesota Statutes 2014, section 155A.23, is amended by adding a subdivision to read:

Subd. 17. **Designated school manager.** A "designated school manager" is a school manager who is designated by the school owner and registered with the board, who is responsible with the school owner for school and instructor compliance.

Sec. 35. Minnesota Statutes 2014, section 155A.23, is amended by adding a subdivision to read:

Subd. 18. **Practitioner.** A "practitioner" is any person licensed in the practice of cosmetology, esthetics, or nail technology services.

Sec. 36. Minnesota Statutes 2014, section 155A.24, subdivision 2, is amended to read:

Subd. 2. **Hiring and assignment of employees.** The board has the authority to hire qualified personnel in the classified service to assist in administering the law, including those for the testing and licensing of applicants ~~and the continuing inspections required. All staff must receive periodic training to improve and maintain customer service skills, conducting inspections, and complaint investigations.~~

Sec. 37. Minnesota Statutes 2014, section 155A.25, subdivision 1a, is amended to read:

Subd. 1a. **Schedule.** (a) The fee schedule for licensees fees and penalties is as follows: provided in this subdivision.

(a) (b) Three-year license fees are as follows:

(1) cosmetologist, nail technician, or esthetician \$195 initial practitioner, manager, or instructor license, divided as follows:

(i) \$90 \$155 for each initial license and a \$40 nonrefundable initial license application fee, for a total of \$130; and

(ii) \$60 for each renewal and a \$15 nonrefundable renewal application fee, for a total of \$75 \$40 for each initial license application fee;

(2) instructor or manager \$115 renewal of practitioner license, divided as follows:

(i) \$120 \$100 for each initial renewal license and a \$40 nonrefundable initial license application fee, for a total of \$160; and

(ii) \$90 \$15 for each renewal and a \$15 nonrefundable renewal application fee, for a total of \$105;

(3) \$145 renewal of manager or instructor license, divided as follows:

(i) \$130 for each renewal license; and

(ii) \$15 for each renewal application fee;

(4) \$350 initial salon license, divided as follows:

(i) \$130 \$250 for each initial license and a \$100 nonrefundable initial license application fee, for a total of \$230; and

(ii) \$100 for each renewal and a \$50 nonrefundable renewal initial license application fee, for a total of \$150; and

(4) school (5) \$225 renewal of salon license, divided as follows:

(i) \$1,500 \$175 for each initial license and a \$1,000 nonrefundable initial license application fee, for a total of \$2,500 renewal; and

(ii) \$1,500 \$50 for each renewal and a \$500 nonrefundable renewal application fee, for a total of \$2,000;

(6) \$4,000 initial school license, divided as follows:

(i) \$3,000 for each initial license; and

(ii) \$1,000 for each initial license application fee; and

(7) \$2,500 renewal of school license, divided as follows:

(i) \$2,000 for each renewal; and

(ii) \$500 for each renewal application fee.

~~(b)~~ (c) Penalties may be assessed in amounts up to the following:

- (1) reinspection fee, ~~variable~~ \$150;
- (2) manager and owner with lapsed practitioner found on inspection, \$150 each;
- (3) lapsed practitioner or instructor found on inspection, \$200;
- (4) lapsed salon found on inspection, \$500;
- (5) lapsed school found on inspection, \$1,000;
- (6) failure to display current license, \$100;
- (7) failure to dispose of single-use equipment, implements, or materials as provided under section 155A.355, subdivision 1, \$500;
- (8) use of prohibited razor-type callus shavers, rasps, or graters under section 155A.355, subdivision 2, \$500;
- (9) performing nail or cosmetology services in esthetician salon, or performing esthetician or cosmetology services in a nail salon, \$500;
- (10) owner and manager allowing an operator to work as an independent contractor, \$200;
- (11) operator working as an independent contractor, \$100;
- (12) refusal or failure to cooperate with an inspection, \$500;
- (13) ~~expired cosmetologist, nail technician, esthetician, manager, school manager, and instructor license practitioner late renewal fee, \$45; and~~
- (14) ~~expired salon or school license~~ late renewal fee, \$50.

~~(e)~~ (d) Administrative fees are as follows:

- (1) ~~certificate of identification, \$20~~ homebound service permit, \$50 three-year fee;
- (2) name change, \$20;
- (3) ~~letter of license verification~~ certification of licensure, \$30 each;
- (4) duplicate license, \$20;
- (5) ~~processing fee, \$10;~~
- (6) special event permit, \$75 per year; ~~and~~
- (7) ~~(6)~~ registration of hair braiders, \$20 per year;
- (7) \$100 for each temporary military license for a cosmetologist, nail technician, esthetician, or advanced practice esthetician one-year fee;
- (8) expedited initial individual license, \$150;

(9) expedited initial salon license, \$300;

(10) instructor continuing education provider approval, \$150 each year; and

(11) practitioner continuing education provider approval, \$150 each year.

Sec. 38. Minnesota Statutes 2014, section 155A.25, subdivision 5, is amended to read:

Subd. 5. **Board must approve or deny application; timeline.** Within 15 working days of receiving a complete application and the required fees for an initial or renewal to apply for or renew an individual or salon license that is not an expedited license or a military license, the board must (1) either grant or deny the application issue the license, (2) issue deny the license or and notify the applicant of the denial, or (3) issue a temporary license to an applicant for whom no record exists regarding: (i) a complaint filed with the board against the applicant; or (ii) a negative action by the board against the applicant if the conditions in subdivision 6 are met, notify the applicant that the board must conduct additional review.

Sec. 39. Minnesota Statutes 2014, section 155A.25, is amended by adding a subdivision to read:

Subd. 6. **Additional review for certain licenses.** If an application contains discrepancies, the applicant is the subject of a complaint investigation, or the applicant has pending disciplinary actions before the board, the board will comply with the time limits prescribed in section 15.992 to process the application.

Sec. 40. Minnesota Statutes 2014, section 155A.25, is amended by adding a subdivision to read:

Subd. 7. **Temporary military license or expedited license.** Within five business days of receiving a completed application and the required fees for an individual or salon license that meets requirements for an expedited license or a temporary military license, the board must (1) issue the license, (2) deny the license and notify the applicant of the denial, or (3) notify the applicant that the board must conduct additional review if the application meets the conditions in subdivision 8.

EFFECTIVE DATE. This section is effective August 1, 2015, except that an expedited license must not be issued prior to January 1, 2016.

Sec. 41. Minnesota Statutes 2014, section 155A.25, is amended by adding a subdivision to read:

Subd. 8. **Additional review for certain temporary military license or expedited license.** If an application under subdivision 7 contains discrepancies, the applicant is the subject of a complaint investigation, or the applicant has pending disciplinary actions before the board, the board will process the application according to the time limits in section 15.992.

Sec. 42. Minnesota Statutes 2014, section 155A.27, subdivision 1, is amended to read:

Subdivision 1. **Licensing.** Individual licensing shall be required for persons seeking A person must hold an individual license to practice in the state as a cosmetologist, esthetician, nail technician, advanced practice esthetician, manager, or instructor.

Sec. 43. Minnesota Statutes 2014, section 155A.27, subdivision 2, is amended to read:

Subd. 2. **Qualifications.** Qualifications for licensing in each classification shall be determined by the board and established by rule, and shall include educational and experiential prerequisites. The rules shall

require a demonstrated knowledge of procedures necessary to protect the health and safety of the practitioner and the consumer of cosmetology services, including but not limited to ~~chemical applications~~ infection control, use of implements, apparatuses and other appliances, and the use of chemicals.

Sec. 44. Minnesota Statutes 2014, section 155A.27, subdivision 5a, is amended to read:

Subd. 5a. **Temporary military license.** The board shall establish temporary licenses for a cosmetologist, nail technician, and esthetician in accordance with section 197.4552. ~~The fee for a temporary license under this subdivision for a cosmetologist, nail technician, or esthetician is \$100.~~

Sec. 45. Minnesota Statutes 2014, section 155A.271, is amended to read:

155A.271 CONTINUING EDUCATION REQUIREMENTS.

Subdivision 1. **Continuing education requirements.** (a) Effective August 1, 2014, to qualify for license renewal under this chapter as an individual cosmetologist, nail technician, esthetician, advanced practice esthetician, or salon manager, the applicant must attest to the completion of four hours of continuing education credits from an accredited school or a professional association of cosmetology during the three years prior to the applicant's renewal date. One credit hour of the requirement must include instruction pertaining to state laws and rules governing the practice of cosmetology. Three credit hours must include instruction pertaining to health, safety, and sanitation matters consistent with the United States Department of Labor's Occupational Safety and Health Administration standards applicable to the practice of cosmetology, or other applicable federal health, sanitation, and safety standards, and must be regularly updated so as to incorporate newly developed standards and accepted professional best practices. Credit hours earned are valid for three years and may be applied simultaneously to all individual licenses held by a licensee under this chapter. This subdivision does not apply to instructors or inactive licenses.

(b) Effective August 1, 2017, in addition to the hours of continuing education credits required under paragraph (a), to qualify for license renewal under this chapter as an individual cosmetologist, nail technician, esthetician, advanced practice esthetician, or salon manager, the applicant must also attest to the completion of one four-hour continuing education course from a continuing education provider based on any or all of the following:

- (1) product chemistry and chemistry interaction;
- (2) proper use of machines and instruments;
- (3) business management and human relations; or
- (4) techniques relevant to the type of license held.

Credits must be completed during the three years prior to the applicant's renewal date and may be applied simultaneously to other individual licenses held as applicable, except that credits completed under this paragraph must not duplicate credits completed under paragraph (a).

(c) Paragraphs (a) and (b) do not apply to an instructor license, a school manager license, or an inactive license.

Subd. 1a. **Product sales or marketing prohibited.** The marketing or sale of any product is prohibited during a continuing education class receiving credit under subdivision 1.

Subd. 2. ~~Schools and professional associations~~ **Continuing education providers.** (a) Only a board-licensed school of cosmetology, a postsecondary institution as defined in section 136A.103, paragraph (a), or a board-recognized professional association organized under chapter 317A may offer continuing education curriculum for credit under ~~this section: subdivision 1, paragraph (a).~~ Continuing education curriculum under subdivision 1, paragraph (b), may be offered by a:

- (1) board-licensed school of cosmetology;
- (2) board-recognized professional association organized under chapter 317A; or
- (3) board-licensed salon.

The school and professional association may offer online and independent study options to achieve maximum involvement of licensees ~~and is.~~ Continuing education providers are encouraged to offer classes available in foreign language formats.

(b) ~~Board recognition authorization of a professional association continuing education provider under paragraph (a) is valid for three years one calendar year and is contingent upon submission and preapproval of the general curriculum lesson plan or plans with learning objectives for the class to be offered and the payment of the application fee in section 155A.25, subdivision 1a, paragraph (d), clause (11). The board may revoke recognition authorization of a continuing education provider at any time for just cause and the board may demand return of documents required under subdivision 3. The professional association offering continuing education must be organized under chapter 317A.~~

Subd. 3. **Proof of credits.** ~~The school or professional association~~ continuing education provider shall provide to licensees who attend a class a receipt to prove completion of the class. Licensees shall retain proof of their continuing education credits for one year beyond the credit's expiration. ~~The school or professional association continuing education provider shall retain documentation of all licensees successfully completing a class and the licensee's credit hours for five years.~~

Subd. 4. **Audit.** The board shall conduct random audits of active licensees periodically to ensure compliance with continuing education requirements. To initiate an audit, the board shall notify an active licensee of the audit and request proof of credits earned during a specified period. The licensee must provide the requested proof to the board within 30 days of an audit notice. The board may request that a school or professional association verify a licensee's credits. ~~The school or professional association continuing education provider must furnish verification, or a written statement that the credits are not verified, within 15 days of the board's request for verification. If the board determines that a licensee has failed to provide proof of necessary credits earned during the specified time, the board may revoke the individual's license and may deem the individual a lapsed practitioner subject to penalty under section 155A.25 or 155A.36.~~

EFFECTIVE DATE. Subdivision 1 is effective August 1, 2017. Subdivision 1a is effective the day following final enactment. Subdivisions 2 to 4 are effective July 1, 2015.

Sec. 46. Minnesota Statutes 2014, section 155A.29, subdivision 1, is amended to read:

Subdivision 1. **Licensing.** ~~Any A person who offers must not offer cosmetology services for compensation in this state shall be (1) licensed as a salon if not employed by another licensed salon or (2) employed as an esthetician or cosmetologist in connection with medical care in relation to esthiology in the office of a licensed physician unless the services are provided by a licensee in a licensed salon or as otherwise provided in this section. Each salon must be licensed as a cosmetology salon, a nail salon, esthetician salon, or advanced practice esthetician salon. A salon may hold more than one type of salon license.~~

Sec. 47. Minnesota Statutes 2014, section 155A.29, subdivision 2, is amended to read:

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

(1) compliance with all local and state laws, particularly relating to matters of sanitation, health, and safety;

(2) the employment of a manager, as defined in section 155A.23, subdivision 8;

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

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

~~(b) A licensed esthetician or nail technician who complies with the health, safety, sanitation, inspection, and insurance rules promulgated by the board to operate a salon solely for the performance of those personal services defined in section 155A.23, subdivision 5, in the case of an esthetician, or subdivision 7, in the case of a nail technician.~~

Sec. 48. Minnesota Statutes 2014, section 155A.29, is amended by adding a subdivision to read:

Subd. 2a. **Requirements for mobile salon.** In addition to complying with the requirements for a salon in subdivision 2, the holder of a salon license for a mobile salon must:

(1) maintain a permanent business address; and

(2) notify the board of the locations and schedule of operation of a mobile salon.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 49. Minnesota Statutes 2014, section 155A.30, subdivision 5, is amended to read:

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

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

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

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

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

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

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

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

(8) the applicant, except the state and its political subdivisions as described in section 471.617, subdivision 1, shall file with the board a continuous corporate surety bond in the amount of \$10,000, conditioned upon the faithful performance of all contracts and agreements with students made by the applicant. The bond shall run to the state of Minnesota and to any person who may have a cause of action against the applicant arising at any time after the bond is filed and before it is canceled for breach of any contract or agreement made by the applicant with any student. The aggregate liability of the surety for all breaches of the conditions of the bond shall not exceed \$10,000. The surety of the bond may cancel it upon giving 60 days' notice in writing to the board and shall be relieved of liability for any breach of condition occurring after the effective date of cancellation; and

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

Sec. 50. Minnesota Statutes 2014, section 155A.30, subdivision 10, is amended to read:

Subd. 10. **Discrimination prohibited.** ~~No Each school, duly approved under sections 155A.21 to 155A.36, shall refuse to teach any student, otherwise qualified, on account of race, sex, creed, color, citizenship, national origin, or sexual preference~~ must comply with the Minnesota Human Rights Act under chapter 363A.

Sec. 51. Minnesota Statutes 2014, section 161.1419, subdivision 8, is amended to read:

Subd. 8. **Expiration.** The commission expires on June 30, ~~2016~~ 2020.

Sec. 52. Minnesota Statutes 2014, section 211B.37, is amended to read:

211B.37 COSTS ASSESSED.

Except as otherwise provided in section 211B.36, subdivision 3, the chief administrative law judge shall assess the cost of considering complaints filed under section 211B.32 as provided in this section. Costs of complaints relating to a statewide ballot question or an election for a statewide or legislative office must be assessed against the appropriation from the general fund to the general account of the state elections campaign account in section ~~10A.31~~, subdivision 4 paid from appropriations to the Office of Administrative Hearings for this purpose. Costs of complaints relating to any other ballot question or elective office must be paid from appropriations to the office for this purpose.

Sec. 53. Minnesota Statutes 2014, section 272.484, is amended to read:

272.484 FEES.

The fee for filing and indexing each notice of lien or certificate or notice affecting the lien is:

(1) for a lien, certificate of discharge or subordination, and for all other notices, including a certificate of release or nonattachment filed with the secretary of state, the fee provided by section 336.9-525, except that the filing fee charged to the district directors of internal revenue for filing a federal tax lien is \$15 for up to two debtor names and \$15 for each additional name; and

(2) for a lien, certificate of discharge or subordination, and for all other notices, including a certificate of release or nonattachment filed with the county recorder, the fee for filing a real estate mortgage in the county where filed.

The officer shall bill the district directors of internal revenue or other appropriate federal officials on a monthly basis for fees for documents filed by them.

Sec. 54. Minnesota Statutes 2014, section 303.19, is amended to read:

303.19 REINSTATEMENT.

Subdivision 1. **Application Required filing.** Any foreign corporation whose certificate of authority to do business in this state shall have been revoked or canceled may file reinstate that authority by filing an annual renewal and the fee required by subdivision 2 with the secretary of state an application for reinstatement. Such application shall be on forms prescribed by the secretary of state, shall contain all the matters required to be set forth in an original application for a certificate of authority, and such other pertinent information as may be required by the secretary of state. If any of the information in the original application for authority has changed, the foreign corporation must also file an amended certificate setting forth the currently accurate information, with the fee required by section 303.21, subdivision 3.

Subd. 2. **Fee.** If the certificate of authority was revoked by the secretary of state pursuant to section 303.17, ~~the corporation shall pay to the commissioner of management and budget \$250 before it may be reinstated.~~

~~If the certificate of authority was canceled or by a judgment pursuant to section 303.18, the corporation shall pay to the commissioner of management and budget \$500 before it may be reinstated.~~

Subd. 3. **Certificate of reinstatement.** Upon the filing of the application and upon payment of all penalties, fees and charges required by law, ~~not including an initial license fee or additional license fees to the extent that they have previously been paid by the corporation~~ the fees imposed by this section, the secretary of state shall reinstate the license of the corporation.

Sec. 55. Minnesota Statutes 2014, section 304A.301, subdivision 1, is amended to read:

Subdivision 1. **Report required.** ~~No later than 90 days after the conclusion of each calendar year~~ Before each April 1, a public benefit corporation must deliver to the secretary of state for filing an annual benefit report covering the 12-month period ending on December 31 of ~~that the~~ the previous year and pay a fee of \$35 to the secretary of state. The annual benefit report must state the name of the public benefit corporation, be signed by the public benefit corporation's chief executive officer not more than 30 days before the report is delivered to the secretary of state for filing, and must be current when signed.

Sec. 56. Minnesota Statutes 2014, section 304A.301, subdivision 5, is amended to read:

Subd. 5. **Failure to file an annual benefit report.** If a public benefit corporation fails to file ~~an,~~ before April 1 of any calendar year, the annual benefit report ~~in accordance with this section within 90 days of the~~

~~date on which an annual benefit report is due~~ required by this section, the secretary of state shall revoke the corporation's status as a public benefit corporation under this chapter and must notify the public benefit corporation of the revocation using the information provided by the corporation pursuant to section 5.002 or 5.34 or provided in the articles.

Sec. 57. Minnesota Statutes 2014, section 304A.301, subdivision 6, is amended to read:

Subd. 6. **Effects of revocation; reinstatement.** (a) A public benefit corporation that has lost its public benefit corporation status for failure to timely file an annual benefit report or by terminating that status pursuant to section 304A.103 is not entitled to the benefits afforded to a public benefit corporation under this chapter as of the date of revocation or termination and must amend the articles of incorporation to reflect a name compliant with section 302A.115, but which does not include the corporate designation provided for in section 304A.101, subdivision 2.

(b) Within 30 days of issuance of revocation of public benefit corporation status by the secretary of state, filing a renewal complying with this section and a \$500 fee with the secretary of state will reinstate the corporation as a public benefit corporation under this chapter as of the date of revocation.

Sec. 58. Minnesota Statutes 2014, section 304A.301, is amended by adding a subdivision to read:

Subd. 8. **Failure to change corporate name.** The duration of a corporation that has had public benefit status terminated or revoked and which fails to change the corporate name as provided in subdivision 6 expires automatically 30 days after termination or revocation of the public benefit corporation status.

Sec. 59. Minnesota Statutes 2014, section 326A.01, subdivision 2, is amended to read:

Subd. 2. **Attest.** "Attest" means ~~to provide~~ providing any of the following ~~financial-statement~~ services:

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

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

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

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

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

Sec. 60. Minnesota Statutes 2014, section 326A.01, subdivision 12, is amended to read:

Subd. 12. **Peer review.** "Peer review" means an independent study, appraisal, or review of one or more aspects of the professional work of a licensee or CPA firm that issues attest or compilation reports, or the professional work of a person registered under section 326A.06, paragraph (b), by persons who are not affiliated with the licensee or CPA firm being reviewed.

Sec. 61. Minnesota Statutes 2014, section 326A.01, subdivision 13a, is amended to read:

Subd. 13a. **Principal place of business.** "Principal place of business" means the office location designated by the licensee for purposes of substantial equivalency and reciprocity ~~in this state and in other states.~~

Sec. 62. Minnesota Statutes 2014, section 326A.01, subdivision 15, is amended to read:

Subd. 15. **Report.** "Report," when used with reference to ~~financial statements~~ an attest or compilation service, means an opinion, report, or other form of language that states or implies assurance as to the reliability of ~~any~~ the attested information or compiled financial statements and that also includes or is accompanied by a statement or implication that the person or firm issuing it has special knowledge or competence in accounting or auditing. Such a statement or implication of special knowledge or competence may arise from use by the issuer of the report of names or titles indicating that the person or firm is an accountant or auditor, or from the language of the report itself. The term "report" includes any form of language that disclaims an opinion when the form of language is conventionally understood to imply any positive assurance as to the reliability of the attested information or compiled financial statements referred to or special competence on the part of the person or firm issuing the language. It includes any other form of language that is conventionally understood to imply such assurance or such special knowledge or competence.

Sec. 63. Minnesota Statutes 2014, section 326A.01, subdivision 16, is amended to read:

Subd. 16. **State.** "State" means any state of the United States, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, the Commonwealth of the Northern Mariana Islands, and Guam; except that "this state" means the state of Minnesota.

Sec. 64. Minnesota Statutes 2014, section 326A.02, subdivision 3, is amended to read:

Subd. 3. **Officers; proceedings.** The board shall elect one of its ~~number~~ members as chair, another as vice-chair, and another as secretary and treasurer. The officers shall hold their respective offices for a term of one year and until their successors are elected. The affirmative vote of a majority of the qualified members of the board, or a majority of a quorum of the board at any meeting duly called, is considered the action of the board. The board shall meet at such times and places as may be fixed by the board. Meetings of the board are subject to chapter 13D. A majority of the board members then in office constitutes a quorum at any meeting duly called. The board shall retain or arrange for the retention of all applications and all documents under oath that are filed with the board and also records of its proceedings, and it shall maintain a registry of the names and addresses of all licensees and registrants under this chapter. In any proceeding in court, civil or criminal, arising out of or founded upon any provision of this chapter, copies of records of the proceeding certified as true copies by the board chair or executive director shall be admissible in evidence as tending to prove the contents of the records.

Sec. 65. Minnesota Statutes 2014, section 326A.02, subdivision 5, is amended to read:

Subd. 5. **Rules.** The board may adopt rules governing its administration and enforcement of this chapter and the conduct of licensees and persons registered under section 326A.06, paragraph (b), including:

- (1) rules governing the board's meetings and the conduct of its business;
- (2) rules of procedure governing the conduct of investigations and hearings and discipline by the board;

(3) rules specifying the educational and experience qualifications required for the issuance of certificates and the continuing professional education required for renewal of certificates;

(4) rules of professional conduct directed to controlling the quality and probity of services by licensees, and dealing among other things with independence, integrity, and objectivity; competence and technical standards; and responsibilities to the public and to clients;

(5) rules governing the professional standards applicable to licensees including adoption of the standards specified in section 326A.01, subdivision 2, and as developed for general application by recognized national accountancy organizations such as the American Institute of Certified Public Accountants or the Public Company Accounting Oversight Board;

(6) rules that incorporate by reference the standards for attesting listed in section 326A.01, subdivision 2, that are consistent with the standards of general applicability recognized by national accountancy organizations, including the American Institute of Certified Public Accountants and the Public Company Accounting Oversight Board;

~~(6)~~ (7) rules governing the manner and circumstances of use of the titles "certified public accountant," "CPA," "registered accounting practitioner," and "RAP";

~~(7)~~ (8) rules regarding peer review that may be required to be performed under provisions of this chapter;

(8) (9) rules on substantial equivalence to implement section 326A.14;

~~(9)~~ (10) rules regarding the conduct of the certified public accountant examination;

~~(10)~~ (11) rules regarding the issuance and renewals of certificates, permits, and registrations;

~~(11)~~ (12) rules regarding transition provisions to implement this chapter;

~~(12)~~ (13) rules specifying the educational and experience qualifications for registration, rules of professional conduct, rules regarding peer review, rules governing standards for providing services, and rules regarding the conduct and content of examination for those persons registered under section 326A.06, paragraph (b);

~~(13)~~ (14) rules regarding fees for examinations, certificate issuance and renewal, firm permits, registrations under section 326A.06, paragraph (b), notifications made under section 326A.14, and late processing fees; and

~~(14)~~ (15) upon any change to this chapter, if the board determines a change in Minnesota Rules is required, the board may initiate the expedited process under section 14.389 up to one year after the effective date of the change to this chapter.

Sec. 66. Minnesota Statutes 2014, section 326A.05, subdivision 1, is amended to read:

Subdivision 1. **General.** The board shall grant or renew permits to practice as a CPA firm to entities that make application and demonstrate their qualifications in accordance with this section.

(a) The following must hold a permit issued under this section:

(1) any firm with an office in this state performing attest services as defined in section 326A.01, subdivision 2;

(2) to the extent required by section 326A.10, paragraph (k), any firm with an office in this state performing compilation services as defined in section 326A.01, subdivision 6;

(3) any firm with an office in this state that uses the title "CPA" or "CPA firm"; or

(4) any firm that does not have an office in this state but performs attest services as described in section 326A.01, subdivision 2, paragraph (1), (3), or (4), for a client having its headquarters in this state.

(b) A firm possessing a valid permit from another state which does not have an office in this state may perform services described in section 326A.01, subdivision 2, clause (2) or (5), or subdivision 6, for a client having its headquarters in this state and may use the title "CPA" or "CPA firm" without a permit issued under this section only if:

(1) it has the qualifications described in subdivision 3, paragraph (b);

(2) as a condition to the renewal of the firm's permit issued by the other state, that state requires a peer review which contains the requirements equivalent to subdivision 8, paragraphs (a) and (e); and

(3) it performs the services through an individual who has been granted practice privileges under section 326A.14.

(c) A firm possessing a valid permit from another state that does not have an office in this state and which is not subject to the requirements of paragraph (a), clause (4), or (b), may perform other professional services while using the title "CPA" or "CPA firm" in this state without a permit issued under this section only if the firm:

(1) has the qualifications described in subdivision 3, paragraph (b);

(2) performs the services through an individual who has been granted practice privileges under section 326A.14; and

(3) can lawfully perform the services in the state where the individuals with practice privileges have their principal place of business.

Sec. 67. Minnesota Statutes 2014, section 326A.05, subdivision 3, is amended to read:

Subd. 3. **Qualifications.** (a) An applicant for initial issuance or renewal of a permit to practice under this section shall comply with the requirements in this subdivision.

(b) Notwithstanding chapter 319B or any other provision of law, a simple majority of the ownership of the firm, in terms of financial interests and voting rights of all partners, officers, shareholders, members, or managers, must belong to holders of certificates who are licensed in some state, and the partners, officers, shareholders, members, or managers, whose principal place of business is in this state, and who perform professional services in this state, must hold valid certificates issued under section 326A.04 or the corresponding provision of prior law. Although firms may include nonlicensee owners, the firm and its ownership must comply with rules adopted by the board. The firm shall register all nonlicensee owners with the state board as set forth by rule. An individual who has been granted practice privileges under section 326A.14 and who performs services for which a firm permit is required under section 326A.14, subdivision 1, paragraph (d), is not required to obtain a certificate from the board under section 326A.04.

(c) A CPA firm may include nonlicensee owners provided that:

(1) the firm designates a licensee of this state, or in the case of a firm that must have a permit according to section 326A.14, subdivision 1, paragraph (d), a licensee of another state who meets the requirements in section 326A.14, subdivision 1, paragraph (a) or (b), who is responsible for the proper registration of the firm and identifies that individual to the board;

(2) all nonlicensee owners are persons of good moral character and are active individual participants in the CPA firm or affiliated entities; and

(3) the firm complies with other requirements imposed by the board in rule.

(d) An individual licensee and any individual granted practice privileges under section 326A.14 who is responsible for supervising attest or compilation services and signs or authorizes someone to sign the accountant's report ~~on the financial statements~~ on behalf of the firm, shall meet the competency requirements set out in the professional standards for such services.

(e) An individual licensee and any individual granted practice privileges under section 326A.14 who signs or authorizes someone to sign the accountants' report ~~on the financial statements~~ on behalf of the firm shall meet the competency requirement of paragraph (d).

Sec. 68. Minnesota Statutes 2014, section 326A.08, subdivision 7, is amended to read:

Subd. 7. **Violation; penalties; costs of proceeding.** (a) The board may impose a civil penalty not to exceed ~~\$2,000~~ \$5,000 per violation upon a person or a firm that violates an order, statute, or rule that the board has issued or is empowered to enforce.

(b) The board may, in addition, impose a fee to reimburse the board for all or part of the cost of the proceedings, including reasonable investigative costs, resulting in disciplinary or corrective action authorized by this section, the imposition of civil penalties, or the issuance of a cease and desist order. The fee may be imposed when the board shows that the position of the person or firm that violates a statute, rule, or order that the board has issued or is empowered to enforce is not substantially justified, unless special circumstances make an award unjust, notwithstanding the provisions of Minnesota Rules, part 1400.8401. The costs include, but are not limited to, the amount paid by the board for services from the office of administrative hearings, attorney and reasonable investigative fees, court reporters, witnesses, reproduction of records, board members' per diem compensation, board staff time, and expense incurred by board members and staff.

Sec. 69. Minnesota Statutes 2014, section 326A.10, is amended to read:

326A.10 UNLAWFUL ACTS.

(a) Only a licensee and individuals who have been granted practice privileges under section 326A.14 may issue a report on financial statements of any person, firm, organization, or governmental unit that results from providing attest services, or offer to render or render any attest service. Only a certified public accountant, an individual who has been granted practice privileges under section 326A.14, a CPA firm, or, to the extent permitted by board rule, a person registered under section 326A.06, paragraph (b), may issue a report on financial statements of any person, firm, organization, or governmental unit that results from providing compilation services or offer to render or render any compilation service. These restrictions do not prohibit any act of a public official or public employee in the performance of that person's duties or prohibit the performance by any nonlicensee of other services involving the use of accounting skills,

including the preparation of tax returns, management advisory services, and the preparation of financial statements without the issuance of reports on them. Nonlicensees may prepare financial statements and issue nonattest transmittals or information on them which do not purport to be in compliance with the Statements on Standards for Accounting and Review Services (SSARS). Nonlicensees registered under section 326A.06, paragraph (b), may, to the extent permitted by board rule, prepare financial statements and issue nonattest transmittals or information on them.

(b) Licensees and individuals who have been granted practice privileges under section 326A.14 performing attest or compilation services must provide those services in accordance with professional standards. To the extent permitted by board rule, registered accounting practitioners performing compilation services must provide those services in accordance with standards specified in board rule.

(c) A person who does not hold a valid certificate issued under section 326A.04 or a practice privilege granted under section 326A.14 shall not use or assume the title "certified public accountant," the abbreviation "CPA," or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the person is a certified public accountant.

(d) A firm shall not provide attest services or assume or use the title "certified public accountants," the abbreviation "CPA's," or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the firm is a CPA firm unless (1) the firm has complied with section 326A.05, and (2) ownership of the firm is in accordance with this chapter and rules adopted by the board.

(e) A person or firm that does not hold a valid certificate or permit issued under section 326A.04 or 326A.05 or has not otherwise complied with section 326A.04 or 326A.05 as required in this chapter shall not assume or use the title "certified accountant," "chartered accountant," "enrolled accountant," "licensed accountant," "registered accountant," "accredited accountant," "accounting practitioner," "public accountant," "licensed public accountant," or any other title or designation likely to be confused with the title "certified public accountant," or use any of the abbreviations "CA," "LA," "RA," "AA," "PA," "AP," "LPA," or similar abbreviation likely to be confused with the abbreviation "CPA." The title "enrolled agent" or "EA" may only be used by individuals so designated by the Internal Revenue Service.

(f) Persons registered under section 326A.06, paragraph (b), may use the title "registered accounting practitioner" or the abbreviation "RAP." A person who does not hold a valid registration under section 326A.06, paragraph (b), shall not assume or use such title or abbreviation.

(g) Except to the extent permitted in paragraph (a), nonlicensees may not use language in any statement relating to the financial affairs of a person or entity that is conventionally used by licensees in reports on financial statements or on an attest service. In this regard, the board shall issue by rule safe harbor language that nonlicensees may use in connection with such financial information. A person or firm that does not hold a valid certificate or permit, or a registration issued under section 326A.04, 326A.05, or 326A.06, paragraph (b), or has not otherwise complied with section 326A.04 or 326A.05 as required in this chapter shall not assume or use any title or designation that includes the word "accountant" or "accounting" in connection with any other language, including the language of a report, that implies that the person or firm holds such a certificate, permit, or registration or has special competence as an accountant. A person or firm that does not hold a valid certificate or permit issued under section 326A.04 or 326A.05 or has not otherwise complied with section 326A.04 or 326A.05 as required in this chapter shall not assume or use any title or designation that includes the word "auditor" in connection with any other language, including the language of a report, that implies that the person or firm holds such a certificate or permit or has special competence as an auditor. However, this paragraph does not prohibit any officer, partner, member, manager, or employee of any firm

or organization from affixing that person's own signature to any statement in reference to the financial affairs of such firm or organization with any wording designating the position, title, or office that the person holds, nor prohibit any act of a public official or employee in the performance of the person's duties as such.

(h)(1) No person holding a certificate or registration or firm holding a permit under this chapter shall use a professional or firm name or designation that is misleading about the legal form of the firm, or about the persons who are partners, officers, members, managers, or shareholders of the firm, or about any other matter. However, names of one or more former partners, members, managers, or shareholders may be included in the name of a firm or its successor.

(2) A common brand name or network name part, including common initials, used by a CPA firm in its name, is not misleading if the firm is a network firm as defined in the American Institute of Certified Public Accountants (AICPA) Code of Professional Conduct in effect July 1, 2011, and when offering or rendering services that require independence under AICPA standards, the firm must comply with the AICPA code's applicable standards on independence.

(i) Paragraphs (a) to (h) do not apply to a person or firm holding a certification, designation, degree, or license granted in a foreign country entitling the holder to engage in the practice of public accountancy or its equivalent in that country, if:

(1) the activities of the person or firm in this state are limited to the provision of professional services to persons or firms who are residents of, governments of, or business entities of the country in which the person holds the entitlement;

(2) the person or firm performs no attest or compilation services and issues no reports with respect to the ~~financial statements~~ information of any other persons, firms, or governmental units in this state; and

(3) the person or firm does not use in this state any title or designation other than the one under which the person practices in the foreign country, followed by a translation of the title or designation into English, if it is in a different language, and by the name of the country.

(j) No holder of a certificate issued under section 326A.04 may perform attest services through any business form that does not hold a valid permit issued under section 326A.05.

(k) No individual licensee may issue a report in standard form upon a compilation of financial information through any form of business that does not hold a valid permit issued under section 326A.05, unless the report discloses the name of the business through which the individual is issuing the report, and the individual:

(1) signs the compilation report identifying the individual as a certified public accountant;

(2) meets the competency requirement provided in applicable standards; and

(3) undergoes no less frequently than once every three years, a peer review conducted in a manner specified by the board in rule, and the review includes verification that the individual has met the competency requirements set out in professional standards for such services.

(l) No person registered under section 326A.06, paragraph (b), may issue a report in standard form upon a compilation of financial information unless the board by rule permits the report and the person:

(1) signs the compilation report identifying the individual as a registered accounting practitioner;

(2) meets the competency requirements in board rule; and

(3) undergoes no less frequently than once every three years a peer review conducted in a manner specified by the board in rule, and the review includes verification that the individual has met the competency requirements in board rule.

(m) Nothing in this section prohibits a practicing attorney or firm of attorneys from preparing or presenting records or documents customarily prepared by an attorney or firm of attorneys in connection with the attorney's professional work in the practice of law.

(n) The board shall adopt rules that place limitations on receipt by a licensee or a person who holds a registration under section 326A.06, paragraph (b), of:

(1) contingent fees for professional services performed; and

(2) commissions or referral fees for recommending or referring to a client any product or service.

(o) Anything in this section to the contrary notwithstanding, it shall not be a violation of this section for a firm not holding a valid permit under section 326A.05 and not having an office in this state to provide its professional services in this state so long as it complies with the applicable requirements of section 326A.05, subdivision 1.

Sec. 70. Minnesota Statutes 2014, section 336A.09, subdivision 1, is amended to read:

Subdivision 1. **Procedure.** (a) ~~Oral~~ Online and written inquiries regarding information provided by the filing of effective financing statements or lien notices may be ~~made at any filing office submitted to the secretary of state during regular business hours or, if submitted online, at any time.~~

(b) ~~A filing office receiving an oral or written inquiry shall, upon request~~ The secretary of state must, upon receiving an inquiry, provide an oral or facsimile a prompt response to the inquiry.

(c) ~~A filing office~~ The secretary of state shall maintain a record of inquiries made under this section including:

(1) the date of the inquiry;

(2) the name of the debtor inquired about; and

(3) identification of the person making the request for inquiry.

Sec. 71. Minnesota Statutes 2014, section 349.16, subdivision 6a, is amended to read:

Subd. 6a. **Monthly regulatory fee.** An organization must pay a monthly regulatory fee of ~~0.1~~ 0.125 percent of the organization's gross receipts from lawful gambling conducted each month. The fee must be reported and paid on a monthly basis in a format as determined by the commissioner of revenue, and remitted to the commissioner of revenue with the organization's monthly tax return. All monthly regulatory fees received by the commissioner of revenue under this subdivision must be deposited in the lawful gambling regulation account in the special revenue fund according to section 349.151. Failure to pay the monthly regulatory fees in a timely manner may result in disciplinary action by the board.

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

Sec. 72. Minnesota Statutes 2014, section 349.161, subdivision 4, is amended to read:

Subd. 4. **Fees.** (a) The annual fee for a distributor's license is ~~\$6,000~~ \$7,000.

(b) The annual fee for a distributor salesperson license is ~~\$100~~ \$150.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to distributor and distributor salesperson licenses with an effective date of July 1, 2015, or later.

Sec. 73. Minnesota Statutes 2014, section 349.163, subdivision 2, is amended to read:

Subd. 2. **License; fee.** The annual fee for a manufacturer's license is ~~\$9,000~~ \$10,000.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to manufacturer licenses with an effective date of July 1, 2015, or later.

Sec. 74. Minnesota Statutes 2014, section 349.163, subdivision 6, is amended to read:

Subd. 6. **Samples of gambling equipment.** (a) The board shall require each licensed manufacturer to submit to the board one or more samples of each item of gambling equipment manufactured for use or resale in this state. For purposes of this subdivision, a manufacturer is also required to submit the applicable version of any software necessary to operate electronic devices and related systems.

(b) The board shall inspect and test all the equipment, including software and software upgrades, it deems necessary to determine the equipment's compliance with law and board rules. Samples required under this subdivision must be approved by the board before the equipment being sampled is shipped into or sold for use or resale in this state. The board shall impose a fee of ~~\$25~~ \$30 for each item of gambling equipment that the manufacturer submits for approval or for which the manufacturer requests approval. The board shall impose a fee of ~~\$100~~ \$125 for each sample of gambling equipment that it tests.

(c) The board may require samples of gambling equipment to be tested by an independent testing laboratory prior to submission to the board for approval. All costs of testing by an independent testing laboratory must be borne by the manufacturer. An independent testing laboratory used by a manufacturer to test samples of gambling equipment must be approved by the board before the equipment is submitted to the laboratory for testing.

(d) The board may request the assistance of the commissioner of public safety and the director of the State Lottery in performing the tests.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to games submitted for approval on July 1, 2015, or later.

Sec. 75. Minnesota Statutes 2014, section 349.166, subdivision 2, is amended to read:

Subd. 2. **Exemptions.** (a) Lawful gambling, with the exception of linked bingo games, may be conducted by an organization without a license and without complying with sections 349.168, subdivisions 1 and 2; 349.17, subdivision 4; 349.18, subdivision 1; and 349.19 if:

(1) the organization conducts lawful gambling on five or fewer days in a calendar year;

(2) the organization does not award more than \$50,000 in prizes for lawful gambling in a calendar year;

(3) the organization submits a board-prescribed application and pays a fee of ~~\$50~~ \$100 to the board for each gambling occasion, and receives an exempt permit number from the board. If the application is postmarked or received less than 30 days before the gambling occasion, the fee is ~~\$100~~ \$150 for that application. The application must include the date and location of the occasion, the types of lawful gambling to be conducted, and the prizes to be awarded;

(4) the organization notifies the local government unit 30 days before the lawful gambling occasion, or 60 days for an occasion held in a city of the first class;

(5) the organization purchases all gambling equipment and supplies from a licensed distributor; and

(6) the organization reports to the board, on a single-page form prescribed by the board, within 30 days of each gambling occasion, the gross receipts, prizes, expenses, expenditures of net profits from the occasion, and the identification of the licensed distributor from whom all gambling equipment was purchased.

(b) If the organization fails to file a timely report as required by paragraph (a), clause (6), the board shall not issue any authorization, license, or permit to the organization to conduct lawful gambling on an exempt, excluded, or licensed basis until the report has been filed and the organization may be subject to penalty as determined by the board. The board may refuse to issue any authorization, license, or permit if a report or application is determined to be incomplete or knowingly contains false or inaccurate information.

(c) Merchandise prizes must be valued at their fair market value.

(d) Organizations that qualify to conduct exempt raffles under paragraph (a), are exempt from section 349.173, paragraph (b), clause (2), if the raffle tickets are sold only in combination with an organization's membership or a ticket for an organization's membership dinner and are not included with any other raffle conducted under the exempt permit.

(e) Unused pull-tab and tipboard deals must be returned to the distributor within seven working days after the end of the lawful gambling occasion. The distributor must accept and pay a refund for all returns of unopened and undamaged deals returned under this paragraph.

(f) The organization must maintain all required records of exempt gambling activity for 3-1/2 years.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all permits with an effective date of July 1, 2015, or later.

Sec. 76. [383B.83] LIMITS ON RAILROAD CONDEMNATION POWERS OVER CERTAIN GOVERNMENTAL PROPERTY INTERESTS.

Notwithstanding anything to the contrary in chapter 117, sections 222.26, 222.27, 222.36, or any other law, the powers of a railroad corporation or a railroad company or a railroad interest acting as a public service corporation or a common carrier do not include the power to exercise eminent domain over a property interest owned by Hennepin County, the Hennepin County Housing and Redevelopment Authority, or the Hennepin County Regional Railroad Authority if such governmental power, by resolution of its governing board, determines based on findings that the public safety or access of first responders would be detrimentally affected by the exercise.

EFFECTIVE DATE. This section is effective retroactively from March 2, 2015, and applies to any eminent domain action to acquire any property interest of any of the named entities.

Sec. 77. Laws 2013, chapter 142, article 1, section 10, is amended to read:

**Sec. 10. OFFICE OF ENTERPRISE TECHNOLOGY
MN.IT SERVICES**

\$ 2,431,000 \$ 2,431,000

During the biennium ending June 30, 2015, the Office of Enterprise Technology MN.IT Services must not charge fees to a public noncommercial educational television broadcast station eligible for funding under Minnesota Statutes, chapter 129D, for access to the state broadcast infrastructure. If the access fees not charged to public noncommercial educational television broadcast stations total more than \$400,000 for the biennium, the office may charge for access fees in excess of these amounts.

The commissioner of Minnesota management and budget is authorized to provide cash flow assistance of up to \$110,000,000 from the special revenue fund or other statutory general funds as defined in Minnesota Statutes, section 16A.671, subdivision 3, paragraph (a), to the Office of Enterprise Technology MN.IT Services for the purpose of managing revenue and expenditure differences during the initial phases of IT consolidation. These funds shall be repaid with interest by June 30, 2015 the end of the fiscal year 2015 closing period.

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

Sec. 78. Laws 2014, chapter 287, section 25, is amended to read:

Sec. 25. PARKING RAMP; REQUIRED USER FINANCING.

The amount equivalent to debt service on the design and construction costs allocated to the parking garage to be located on the block bounded by Sherburne Avenue on the north, Park Street on the west, University Avenue on the south, and North Capitol Boulevard on the east must be user-financed from must be transferred from parking fees collected and deposited into the state parking account and credited to the debt service account for the Legislative Office Facility. to the general fund to offset any direct appropriations made to the senate for debt service payments for the legislative parking garage.

Sec. 79. CAPITOL ROOM NUMBERS.

After the Capitol renovation has been completed, the commissioner of administration must use the same room numbers on signage to identify legacy rooms that were used to identify the rooms before the Capitol renovation. For purposes of this section, "Capitol renovation" means the construction project for which funds were appropriated in Laws 2013, chapter 136, section 3; "legacy rooms" means any room in the Capitol after Capitol renovation that has dimensions and a location that are substantially similar to a room within the Capitol that existed before renovation; and "signage" means any posting on any surface in the Capitol building.

Sec. 80. IN-LIEU OF RENT EVALUATION.

(a) The commissioner of administration must evaluate and provide recommendations regarding the base appropriation to the Department of Administration for an in-lieu of rent payment for space costs of the legislature and veterans organizations, vending operators, ceremonial space, and statutorily free space in the Capitol building and in other buildings on the Capitol grounds under the custodial control of the Department of Administration.

(b) By January 15, 2017, the commissioner must report to the chairs and ranking minority members of the committees and divisions in the senate and the house of representatives with jurisdiction over the appropriation to the Department of Administration for the in-lieu of rent payment. The report must:

(1) identify the amount and quality of space that will be occupied by the senate, the house of representatives, and veterans organizations, ceremonial space, and statutorily free space, in fiscal years 2018 and 2019, including a comparison to the amount and quality of space occupied by the same tenants in fiscal year 2013;

(2) evaluate and justify the expense components included and assumptions made in determining lease rates and make comparisons to market rates; and

(3) evaluate whether the base funding for fiscal years 2018 and 2019 for the in-lieu of rent appropriation is justified, and if not, recommend an increase or decrease.

(c) In conducting the evaluation and preparing the report, the commissioner must consult with the secretary of the senate, the chief clerk of the house of representatives, the commissioner of employment and economic development on behalf of the services for the blind, and the commissioner of veterans affairs on behalf of veterans organizations that use space for which the Department of Administration receives an in-lieu of rent appropriation.

Sec. 81. RULEMAKING.

(a) The Board of Cosmetologist Examiners shall adopt rules governing the licensure, operation, and inspection of mobile salons, including facility requirements; safety and infection control requirements; a process for a salon licensee to notify the board of the mobile salon's location and times of operation; requirements for supplying and disposing of water and waste products; and the scope of personal services to be provided in mobile salons. The rules must prohibit mobile salons from violating reasonable municipal restrictions on time and place of operation of a mobile salon within its jurisdiction, and shall establish penalties, up to and including revocation of a license, for repeated violations of municipal laws.

(b) The Board of Cosmetologist Examiners shall adopt rules governing the advanced practice esthetician license, including the educational and training requirements, scope of practice, and the conditions and process of issuing and renewing the license.

EFFECTIVE DATE. Paragraph (a) of this section is effective the day following final enactment. Paragraph (b) of this section is effective January 1, 2016, and expires January 1, 2019.

Sec. 82. POLITICAL CONTRIBUTION CREDIT.

Notwithstanding the provisions of Minnesota Statutes, section 290.06, subdivision 23, or any other law to the contrary, the political contribution refund does not apply to contributions made after June 30, 2015, and before July 1, 2017.

Sec. 83. STATE AGENCY TECHNOLOGY PROJECTS.

Any appropriation in this chapter for information technology project services and support is subject to Minnesota Statutes, section 16E.0466. If an agency needs ongoing information technology services as a result of the services and support paid for with an appropriation in this chapter, the agency must enter into an agreement with the Office of MN.IT Services to provide those services. The agreement must require the agency to pay the Office of MN.IT Services under rates and mechanisms specified in the agreement.

Sec. 84. EXAMINATION OF COUNTY RECORDS; REPORT.

Consistent with the authority granted under Minnesota Statutes, section 3.971, the Office of the Legislative Auditor shall report on the efficiency of the examinations conducted by the state auditor under Minnesota Statutes, section 6.48. The report must be forwarded to the house of representatives and senate chairs of legislative committees with jurisdiction over state government finance by January 15, 2016.

Sec. 85. REPORT ON AGENCY CHIEF INFORMATION OFFICERS.

The chief information officer of MN.IT must report to the legislature by January 15, 2016, on reduction in the number of chief information officers (CIOs) in state agencies. The report must include the number of CIOs on July 1, 2015, the number on January 15, 2016, and plans to reduce that number.

Sec. 86. TRANSITION.

(a) Members of an ethnic council specified in new Minnesota Statutes, section 15.0145, on July 1, 2015, continue to serve on the council until the end of their current term. However, if a member of a council has served eight years or more on the council at any time before December 31, 2015, the term of that member expires December 31, 2015. If a council has more members on July 1, 2015, than is provided for by Minnesota Statutes, section 15.0145, positions on the council shall not be filled until the expiration of a term results in fewer members on the council than provided for in Minnesota Statutes, section 15.0145. Membership qualifications newly specified in Minnesota Statutes, section 15.0145, must be complied with as soon as possible when terms of current members expire.

(b) The Legislative Coordinating Commission must appoint an executive director for each council no later than November 15, 2015. The authority of the Legislative Coordinating Commission to recruit and select persons to serve as executive directors is effective the day following final enactment. An incumbent executive director of a council may apply to be appointed by the Legislative Coordinating Commission but, if not selected, the employment of the incumbent ends when the Legislative Coordinating Commission appoints a new executive director, or on another date determined by the Legislative Coordinating Commission. Other council staff are transferred to employment with the reformulated councils specified in Minnesota Statutes, section 15.0145.

(c) Minnesota Statutes, section 15.039, subdivisions 1 to 6, apply to the ethnic councils that are reformulated in this act.

Sec. 87. REVISOR'S INSTRUCTION.

Subdivision 1. **Cosmetology.** The revisor of statutes shall change the word "sanitation" to "infection control" and the word "lapsed" to "expired" wherever they appear in Minnesota Statutes, chapter 155A, or Minnesota Rules, chapter 2105 or 2110.

Subd. 2. **County audits.** In the next and subsequent edition of Minnesota Statutes, the Revisor of Statutes shall substitute a reference to section 6.481 for each reference to section 6.48.

Subd. 3. **Ethnic councils.** (a) In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall substitute the names of councils as follows in each place where the names occur:

(1) Council for Minnesotans of African Heritage, in place of Council on Black Minnesotans; and

(2) Minnesota Council on Latino Affairs, in place of Council on Affairs of Chicano/Latino People.

(b) The revisor of statutes shall change cross-references to sections 3.9223, 3.9225, and 3.9226, with Minnesota Statutes, section 15.0145, and make changes necessary to correct punctuation, grammar, or sentence structure.

EFFECTIVE DATE. Subdivision 2 is effective August 1, 2016.

Sec. 88. **REPEALER.**

(a) Minnesota Statutes 2014, sections 3.9223; 3.9225; and 3.9226, subdivisions 1, 2, 3, 4, 5, 6, and 7, are repealed.

(b) Minnesota Statutes 2014, sections 6.48; and 375.23, are repealed.

(c) Minnesota Statutes 2014, section 155A.23, subdivision 6, is repealed.

ARTICLE 3

MILITARY AND VETERANS AFFAIRS

Section 1. Minnesota Statutes 2014, section 190.19, subdivision 2a, is amended to read:

Subd. 2a. **Uses; veterans.** (a) Money appropriated to the Department of Veterans Affairs from the Minnesota "Support Our Troops" account may be used for:

(1) grants to veterans service organizations;

(2) outreach to underserved veterans;

(3) providing services and programs for veterans and their families; and

(4) transfers to the vehicle services account for Gold Star license plates under section 168.1253;

(5) grants of up to \$100,000 to any organization approved by the commissioner of veterans affairs for the purpose of supporting and improving the lives of veterans and their families; and

(6) grants to an eligible foundation.

(b) For purposes of this subdivision, "eligible foundation" includes any organization that:

(1) is a tax-exempt organization under section 501(c) of the Internal Revenue Code; and

(2) is a nonprofit corporation under chapter 317A and the organization's articles of incorporation specify that a purpose of the organization includes (i) providing assistance to veterans and their families or (ii) enhancing the lives of veterans and their families.

Sec. 2. Minnesota Statutes 2014, section 190.19, subdivision 3, is amended to read:

Subd. 3. **Annual report.** The adjutant general and commissioner of veterans affairs must report by February 1, ~~2007, and each year thereafter,~~ to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over military and veterans' affairs on the number, amounts, and use of grants made by the adjutant general each agency from the Minnesota "Support Our Troops" account in the previous year.

Sec. 3. Minnesota Statutes 2014, section 192.38, subdivision 1, is amended to read:

Subdivision 1. **Temporary emergency relief.** If any officer or enlisted member of the military forces is wounded or otherwise disabled, dies from disease contracted or injuries received, or is killed while in state active service as defined in section 190.05, subdivision 5a, the officer or member, or in the case of death the officer's or member's dependent spouse, child, or parent, may be provided with immediate temporary relief as necessary in cases of severe hardship, in an amount to be determined by the adjutant general and approved by the governor or a death gratuity payment equal to the amount allowed for service members in a federal active service status. All payments under this subdivision shall be made from appropriations for the maintenance of the state military forces emergency services. The adjutant general shall notify the Department of Management and Budget of any payments made pursuant to this subdivision and the amount of it shall be subtracted from any award made by the Department of Management and Budget.

Sec. 4. Minnesota Statutes 2014, section 192.501, is amended by adding a subdivision to read:

Subd. 1d. **Reclassification bonus program.** (a) The adjutant general must establish a program to provide a bonus to eligible members of the Minnesota National Guard who complete training that results in the award of a new military occupational specialty or Air Force specialty code in specialties that are identified by the adjutant general to be necessary for the enhanced readiness of the Minnesota National Guard.

(b) Eligibility for the bonus is limited to a member of the National Guard who:

(1) is serving satisfactorily as determined by the adjutant general;

(2) has 16 or fewer years of services creditable for retirement; and

(3) undergoes military training deemed by the adjutant general as sufficiently important to the readiness of the National Guard or a unit of the National Guard to warrant the payment of a bonus in an amount to generally encourage the member's participation in the training.

The adjutant general may, within the limitations of this paragraph and other applicable laws, determine additional eligibility criteria for the bonus, and must specify all of the criteria in regulations and publish changes as necessary.

(c) The bonus payments must be made on a schedule that is determined and published in department regulations by the adjutant general.

(d) If a member fails to complete a term of reenlistment or an obligated term of commissioned service for which a bonus was paid, the adjutant general may seek to recoup a prorated amount of the bonus as determined by the adjutant general.

Sec. 5. Minnesota Statutes 2014, section 197.133, is amended to read:

197.133 DISPOSAL OF PROPERTY AND EXPIRATION OF BOARD OF GOVERNORS.

(a) If a majority of the board determines that the disposal of the Big Island Veterans camp or a portion of the camp is in the best interests of Minnesota veterans, or if the camp is not used solely as a camp for and by disabled and other veterans and their families and operated and maintained in compliance with all state, federal, and local laws, the board may dispose of the property at market value as provided in this section. Before disposing of the property, the board shall give notice by certified mail to the commissioner of veterans affairs of its decision to dispose of the property. The commissioner shall publish the notice in the State Register. Interested governmental agencies have until the end of the next legislative session after the notice to appropriate money to purchase the property.

(b) Proceeds realized from the disposal of the property and any assets on hand at the time of the disposal of the property, must be placed in an irrevocable trust to be used for the initiation or maintenance of veterans programs in the state of Minnesota. Trustees must be appointed in the same manner as provided for under Minnesota Statutes 2014, section 197.131. The trustees shall consult with the commissioner of veterans affairs to determine the needs of Minnesota veterans and provide the commissioner with an annual written report on the trust. The commissioner must approve all expenditures from the trust. A certified audit of all assets, expenditures, and property must be conducted prior to any disposition of any assets under the control of the board. Any board member who would benefit directly or indirectly financially from the sale of this property must be removed by the board and a successor appointed as provided by Minnesota Statutes 2014, section 197.131. Upon final disposition of all assets to the trust, the board must disband. Should the assets of the trust be exhausted, the trust must be terminated.

(c) The trustees appointed under paragraph (b) shall have the exclusive authority to remove a trustee of the trust established under paragraph (b). A trustee may be removed at any time without cause upon a majority vote of the trustees with consent of the commissioner of veterans affairs.

(d) A vacancy in a trusteeship of the trust established under paragraph (b) must be filled for the remainder of the unexpired term in the same manner as the original appointment.

Sec. 6. Minnesota Statutes 2014, section 197.46, is amended to read:

197.46 VETERANS PREFERENCE ACT; REMOVAL FORBIDDEN; RIGHT OF MANDAMUS.

(a) Any person whose rights may be in any way prejudiced contrary to any of the provisions of this section, shall be entitled to a writ of mandamus to remedy the wrong. No person holding a position by appointment or employment in the several counties, cities, towns, school districts and all other political subdivisions in the state, who is a veteran separated from the military service under honorable conditions, shall be removed from such position or employment except for incompetency or misconduct shown after a hearing, upon due notice, upon stated charges, in writing.

(b) Any veteran who has been notified of the intent to discharge the veteran from an appointed position or employment pursuant to this section shall be notified in writing of such intent to discharge and of the

veteran's right to request a hearing within 60 days of receipt of the notice of intent to discharge. The failure of a veteran to request a hearing within the provided 60-day period shall constitute a waiver of the right to a hearing. Such failure shall also waive all other available legal remedies for reinstatement.

Request for a hearing concerning such a discharge shall be made in writing and submitted by mail or personal service to the employment office of the concerned employer or other appropriate office or person. If the veteran requests a hearing under this section, such written request must also contain the veteran's election to be heard by a civil service board or commission, a merit authority, or a three-person panel as defined in paragraph (c). If the veteran fails to identify the veteran's election, the governmental subdivision may select the hearing body.

(c) In all governmental subdivisions having an established civil service board or commission, or merit system authority, such hearing for removal or discharge shall be held before such civil service board or commission or merit system authority. Where no such civil service board or commission or merit system authority exists, such hearing shall be held by a board of three persons appointed as follows: one by the governmental subdivision, one by the veteran, and the third by the two so selected. In the event that the hearing is authorized to be held before a three-person board, the governmental subdivision's notice of intent to discharge shall state that the veteran must respond within 60 days of receipt of the notice of intent to discharge, and provide in writing to the governmental subdivision the name, United States mailing address, and telephone number of the veteran's selected representative for the three-person board. The failure of a veteran to submit the name, address, and telephone number of the veteran's selected representative to the governmental subdivision by mail or by personal service within the provided notice's 60-day period, shall constitute a waiver of the veteran's right to the hearing and all other legal remedies available for reinstatement of the veteran's employment position. In the event the two persons selected by the veteran and governmental subdivision do not appoint the third person within ten days after the appointment of the last of the two, then the judge of the district court of the county wherein the proceeding is pending, or if there be more than one judge in said county then any judge in chambers, shall have jurisdiction to appoint, and upon application of either or both of the two so selected shall appoint, the third person to the board and the person so appointed by the judge with the two first selected shall constitute the board.

(d) Either the veteran or the governmental subdivision may appeal from the decision of the board upon the charges to the district court by causing written notice of appeal, stating the grounds thereof, to be served upon the other party within 15 days after notice of the decision and by filing the original notice of appeal with proof of service thereof in the office of the court administrator of the district court within ten days after service thereof. Nothing in section 197.455 or this section shall be construed to apply to the position of private secretary, superintendent of schools, or one chief deputy of any elected official or head of a department, or to any person holding a strictly confidential relation to the appointing officer. Nothing in this section shall be construed to apply to the position of teacher. The burden of establishing such relationship shall be upon the appointing officer in all proceedings and actions relating thereto.

(e) For disputes heard by a civil service board, the political subdivisions shall bear all costs associated with the hearing but not including attorney fees for attorneys representing the veteran. For disputes heard by a three-person panel, all parties shall bear equally all costs associated with the hearing, but not including attorney fees for attorneys representing the veteran. If the veteran prevails in a dispute heard by a civil service board or a three-person panel and the hearing reverses all aspects of discharge, the governmental subdivision shall pay the veteran's reasonable attorney fees.

(f) All officers, boards, commissions, and employees shall conform to, comply with, and aid in all proper ways in carrying into effect the provisions of section 197.455 and this section notwithstanding any laws,

charter provisions, ordinances or rules to the contrary. Any willful violation of such sections by officers, officials, or employees is a misdemeanor.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all notices of intent to discharge issued on or after that date.

Sec. 7. **[197.987] HONOR AND REMEMBER FLAG.**

Subdivision 1. Legislative findings. The legislature of the state of Minnesota finds and determines that:

(1) since the Revolutionary War, more than 1,000,000 members of the United States armed forces have paid the ultimate price by sacrificing their lives in active military service for the United States of America;

(2) the contribution made by those fallen members of the armed forces is deserving of state and national recognition; and

(3) the Honor and Remember Flag is an appropriate symbol that acknowledges the selfless sacrifice of those members of the United States armed forces.

Subd. 2. Designation. The Honor and Remember Flag described in subdivision 3 is designated as the symbol of our state's concern and commitment to honoring and remembering the lives of all members of the United States armed forces who have lost their lives in the line of duty while serving honorably in active military service in the United States armed forces or of a service-connected cause due to or aggravated by that service, as determined by the United States Department of Defense or the United States Department of Veterans Affairs. This designation is contingent on the flag being available for purchase at a reasonable price.

Subd. 3. Description. The Honor and Remember Flag shall conform substantially to the following description: The Honor and Remember Flag is the same standard proportions as the flag of the United States of America. Its design contains a red field that occupies the top three-quarters and a white field that occupies the bottom quarter of the flag. In the center of the red field is a five-pointed, gold star with the top point located near the top of the red field and the two bottom points extending about one-quarter of the way into the white field. The gold star has a white border surrounded by a blue border. Between the two bottom points of the star is a tri-folded American flag displaying the blue field and some stars, which is the configuration of the American flag presented to the family of the deceased at a military memorial service. At the top of the tri-folded flag, extending into the center of the gold star, is a stylized, three-part flame, with one blue part and two red parts. In the white field below the tri-folded flag, the words "Honor and Remember" are centered. The Honor and Remember Flag is protected by U. S. copyright, registration number VA0001670661, owned by Honor and Remember, Inc.

Subd. 4. Suggested days for flag display. (a) The chief administrator of each governmental building or facility within this state, as defined in paragraph (b), is encouraged to display the Honor and Remember Flag on the following days each year:

(1) Armed Forces Day, the third Saturday in May;

(2) Flag Day, June 14;

(3) July 2nd and July 3rd, in remembrance of the 262 soldiers of the 1st Regiment Minnesota Volunteer Infantry who, at the Battle of Gettysburg during the American Civil War, fought so gallantly and successfully

to repulse two major Confederate attacks on the main Union line, suffering over 80 percent casualties, thereby turning the battle and the war and helping to preserve the Union itself at that pivotal moment in our nation's history;

(4) July 4th, Independence Day;

(5) the third Friday of September, National POW/MIA Recognition Day;

(6) November 11, Veterans Day;

(7) July 27, Korean War Armistice Day;

(8) March 29, Vietnam Veterans Day; and

(9) any day on which the United States flag is displayed at a governmental building or facility within this state.

(b) For purposes of this section, "governmental building or facility within this state" means the following locations:

(1) the Minnesota State Capitol, the Office of the Governor and each other Minnesota constitutional office, the chambers of the Minnesota Senate and the Minnesota House of Representatives, the Minnesota Judicial Center and each Minnesota District Court House, any official state of Minnesota veterans memorial, Minnesota veterans home, Minnesota veterans cemetery, state veterans service centers, and state veterans community-based outreach centers; and

(2) any appropriate local government building or facility, as determined by the governing body of that local government.

Subd. 5. **Limitation.** This section may not be construed or interpreted to require any employee to report to work solely for the purpose of providing for the display of the Honor and Remember Flag or any other flag.

Subd. 6. **Implementation.** If a governmental building or facility within this state opts to display the Honor and Remember Flag, the chief administrator of that facility shall prescribe procedures necessary for the display.

Subd. 7. **Flag donation.** Notwithstanding sections 10A.071 and 471.895, any named public office or public official may accept a donation of one or more Honor and Remember Flags for the purpose of this section.

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

Sec. 8. Minnesota Statutes 2014, section 198.01, is amended to read:

198.01 VETERANS HOME; ELIGIBILITY OF VETERANS.

The Minnesota veterans homes shall provide nursing care and related health and social services for veterans and their spouses who meet eligibility and admission requirements of the Minnesota veterans homes. The commissioner may not close a veterans home unless closure of the home is specifically authorized or required by a law enacted after July 1, 2015. The word "veteran" as used in this section has the meaning provided in section 197.447.

Sec. 9. REPEALER.

Minnesota Statutes 2014, sections 197.131; and 197.132, are repealed.

ARTICLE 4**PARI-MUTUEL HORSE RACING**

Section 1. Minnesota Statutes 2014, section 240.01, subdivision 22, is amended to read:

Subd. 22. **Racing season.** "Racing season" means that portion of the calendar year starting at the beginning of the day of the first live horse race conducted by the licensee and concluding at the end of the day of the last live horse race conducted by the licensee in any year.

~~For purposes of this chapter, the racing season begins before the first Saturday in May and continues for not less than 25 consecutive weeks.~~

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

Sec. 2. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision to read:

Subd. 28. **Takeout.** "Takeout" means the total amount of money, excluding breakage, withheld from each pari-mutuel pool, as authorized by statute or rule.

Sec. 3. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision to read:

Subd. 29. **Handle** "Handle" means the aggregate of all pari-mutuel pools, excluding refundable wagers or cancellations.

Sec. 4. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision to read:

Subd. 30. **Mixed meet.** "Mixed meet" means a racing day or series of racing days on which the racing of more than one breed of horse occurs.

Sec. 5. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision to read:

Subd. 31. **Banked.** "Banked" means any game of chance that is played with the house as a participant in the game, where the house takes on all players, collects from all losers, and pays all winners, and the house can win.

Sec. 6. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision to read:

Subd. 32. **Steward.** A "steward" means an official described in section 240.16. The term steward includes the terms "judge," "chief steward," and "presiding judge," and applies to stewards and judges of the commission or a class B licensee, but not to other racing officials, such as paddock or placement judges, who are employees or agents of a class B licensee.

Sec. 7. Minnesota Statutes 2014, section 240.011, is amended to read:

240.011 APPOINTMENT OF DIRECTOR.

The governor shall appoint the director of the Minnesota Racing Commission, who serves in the unclassified service at the governor's pleasure. The director must be a person qualified by experience ~~in the administration and regulation of pari-mutuel racing and training~~ to possess the skills necessary to discharge the duties of the director. The governor must select a director from a list of one or more names submitted by the Minnesota Racing Commission.

Sec. 8. Minnesota Statutes 2014, section 240.03, is amended to read:

240.03 COMMISSION POWERS AND DUTIES.

The commission has the following powers and duties:

- (1) to regulate horse racing in Minnesota to ensure that it is conducted in the public interest;
- (2) to issue licenses as provided in this chapter;
- (3) to enforce all laws and rules governing horse racing;
- (4) to collect and distribute all taxes provided for in this chapter;
- (5) to conduct necessary investigations and inquiries and to issue subpoenas to compel the attendance of witnesses and the submission of information, documents, and records, and other evidence it deems necessary to carry out its duties;
- (6) to supervise the conduct of pari-mutuel betting on horse racing;
- (7) to employ and supervise personnel under this chapter;
- (8) to determine the number of racing days to be held in the state and at each licensed racetrack;
- (9) to take all necessary steps to ensure the integrity of racing in Minnesota; and
- (10) to impose fees on the racing and card playing industries sufficient to recover the operating costs of the commission with the approval of the legislature according to section 16A.1283. Notwithstanding section 16A.1283, when the legislature is not in session, the commissioner of management and budget may grant interim approval for any new fees or adjustments to existing fees that are not statutorily specified, until such time as the legislature reconvenes and acts upon the new fees or adjustments. As part of its biennial budget request, the commission must propose changes to its fees that will be sufficient to recover the operating costs of the commission.

Sec. 9. Minnesota Statutes 2014, section 240.08, subdivision 2, is amended to read:

Subd. 2. **Application.** (a) An application for a class C license must be on a form the commission prescribes and must be accompanied by an affidavit of qualification that the applicant:

- (a) (1) is not in default in the payment of an obligation or debt to the state under Laws 1983, chapter 214;
- (b) (2) does not have a felony conviction of record in a state or federal court and does not have a state or federal felony charge pending;

~~(c)~~ (3) is not and never has been connected with or engaged in an illegal business;

~~(d)~~ (4) has never been found guilty of fraud or misrepresentation in connection with racing or breeding;

~~(e)~~ (5) has never been found guilty of a violation of law or rule relating to horse racing, pari-mutuel betting or any other form of gambling which is a serious violation as defined by the commission's rules; and

~~(f)~~ (6) has never been found to have knowingly violated ~~a rule or an~~ order of the commission or a law or rule of Minnesota or another jurisdiction relating to horse racing, pari-mutuel betting, or any other form of gambling.

(b) The application must also contain an irrevocable consent statement, to be signed by the applicant, which states that suits and actions relating to the subject matter of the application or acts or omissions arising from it may be commenced against the applicant in any court of competent jurisdiction in this state by the service on the secretary of state of any summons, process, or pleading authorized by the laws of this state. If any summons, process, or pleading is served upon the secretary of state, it must be by duplicate copies. One copy must be retained in the Office of the Secretary of State and the other copy must be forwarded immediately by certified mail to the address of the applicant, as shown by the records of the commission.

Sec. 10. Minnesota Statutes 2014, section 240.08, subdivision 4, is amended to read:

Subd. 4. **License issuance and renewal.** If the commission determines that the applicant is qualified for the occupation for which licensing is sought and will not adversely affect the public health, welfare, and safety or the integrity of racing in Minnesota, it may issue a class C license to the applicant. If it makes a similar finding for a renewal of a class C license it may renew the license. Class C licenses are effective for one year, until December 31 of the calendar year for which they are issued. Certain types of class C licenses, to be determined by the commission, are effective until December 31 of the third calendar year for which they have been issued.

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

Sec. 11. Minnesota Statutes 2014, section 240.08, subdivision 5, is amended to read:

Subd. 5. **Revocation and suspension.** (a) The commission may revoke a class C license for a violation of law or rule which in the commission's opinion adversely affects the integrity of horse racing in Minnesota, the public health, welfare, or safety, or for an intentional false statement made in a license application.

The commission may suspend a class C license for up to one year for a violation of law, order or rule.

The commission may delegate to its designated agents the authority to impose suspensions of class C licenses, and the revocation or suspension of a class C license may be appealed to the commission according to its rules.

(b) A license revocation or suspension for more than 90 days is a contested case under sections 14.57 to 14.69 of the Administrative Procedure Act and is in addition to criminal penalties imposed for a violation of law or rule. The commission may summarily suspend a license for more than 90 days prior to a contested case hearing where it is necessary to ensure the integrity of racing or to protect the public health, welfare, or safety. A contested case hearing must be held within 20 30 days of the summary suspension and the administrative law judge's report must be issued within 20 30 days from the close of the hearing record. In all cases involving summary suspension the commission must issue its final decision within 30 days

from receipt of the report of the administrative law judge and subsequent exceptions and argument under section 14.61.

Sec. 12. Minnesota Statutes 2014, section 240.10, is amended to read:

240.10 LICENSE FEES.

The fee for a class A license is \$253,000 per year and must be remitted on July 1. The fee for a class B license is \$500 for each assigned racing day and \$100 for each day on which simulcasting is authorized and must be remitted on July 1. ~~Included herein are all days assigned to be conducted after January 1, 2003.~~ The fee for a class D license is \$50 for each assigned racing day on which racing is actually conducted. Fees imposed on class D licenses must be paid to the commission at a time and in a manner as provided by rule of the commission.

The commission shall by rule establish an annual license fee for each occupation it licenses under section 240.08 ~~but no annual fee for a class C license may exceed \$100.~~

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

Sec. 13. Minnesota Statutes 2014, section 240.13, subdivision 5, is amended to read:

Subd. 5. **Purses.** (a) From the amounts deducted from all pari-mutuel pools by a licensee, an amount equal to not less than the following percentages of all money in all pools must be set aside by the licensee and used for purses for races conducted by the licensee, provided that a licensee may agree by contract with an organization representing a majority of the horsepersons racing the breed involved to set aside amounts in addition to the following percentages, if the contract is in writing and filed with the commission:

(1) for live races conducted at a class A facility, ~~and for races that are part of full racing card simulcasting that takes place within the time period of the live races;~~ 8.4 percent of handle;

(2) ~~for simulcasts conducted during the racing season other than as provided for in clause (1), 50 percent of the takeout remaining after deduction for taxes on pari-mutuel pools, payment to the breeders fund, and payment to the sending out-of-state racetrack for receipt of the signal; and~~

(3) ~~(2) for simulcasts conducted outside of the racing season, 25 percent of the takeout remaining after deduction for the state pari-mutuel tax, payment to the breeders fund, and payment to the sending out-of-state racetrack for receipt of the signal and, before January 1, 2005, a further deduction of eight percent of all money in all pools. In the event that wagering on simulcasts outside of the racing season exceeds \$125 million in any calendar year, the amount set aside for purses by this formula is increased to 30 percent on amounts between \$125,000,000 and \$150,000,000 wagered; 40 percent on amounts between \$150,000,000 and \$175,000,000 wagered; and 50 percent on amounts in excess of \$175,000,000 wagered. In lieu of the eight percent deduction, A deduction as agreed to between the licensee and the horsepersons' organization representing the majority of horsepersons racing at the licensee's class A facility during the preceding 12 months, is allowed after December 31, 2004.~~

The commission may by rule provide for the administration and enforcement of this subdivision. The deductions for payment to the sending out-of-state racetrack must be actual, except that when there exists any overlap of ownership, control, or interest between the sending out-of-state racetrack and the receiving licensee, the deduction must not be greater than three percent unless agreed to between the licensee and the horsepersons' organization representing the majority of horsepersons racing the breed racing the majority

of races during the existing racing meeting or, if outside of the racing season, during the most recent racing meeting.

~~In lieu of the amount the licensee must pay to the commission for deposit in the Minnesota breeders fund under section 240.15, subdivision 1,~~ The licensee shall pay to the commission for deposit in the Minnesota breeders fund 5-1/2 percent of the takeout from all pari-mutuel pools generated by wagering at the licensee's facility on ~~full racing card simulcasts~~ of races not conducted in this state.

(b) From the money set aside for purses, the licensee shall pay to the horseperson's organization representing the majority of the horsepersons racing the breed involved and contracting with the licensee with respect to purses and the conduct of the racing meetings and providing representation to its members, an amount as may be determined by agreement by the licensee and the horsepersons' organization sufficient to provide benevolent programs, benefits, and services for horsepersons and their on-track employees, an amount, sufficient to perform these services, as may be determined by agreement by the licensee and the horseperson's organization. The amount paid may be deducted only from the money set aside for purses to be paid in races for the breed represented by the horseperson's organization. With respect to racing meetings where more than one breed is racing, the licensee may contract independently with the horseperson's organization representing each breed racing.

(c) Notwithstanding sections 325D.49 to 325D.66, a horseperson's organization representing the majority of the horsepersons racing a breed at a meeting, and the members thereof, may agree to withhold horses during a meeting.

~~(d) Money set aside for purses from wagering, during the racing season, on simulcasts must be used for purses for live races conducted at the licensee's class A facility during the same racing season, over and above the 8.4 percent purse requirement or any higher requirement to which the parties agree, for races conducted in this state. Money set aside for purses from wagering, outside of the racing season, on simulcasts must be for purses for live races conducted at the licensee's class A facility during the next racing season, over and above the 8.4 percent purse requirement or any higher requirement to which the parties agree, for races conducted in this state.~~

~~(e)~~ (d) Money set aside for purses from wagering on simulcasts must be used for purses for live races involving the same breed involved in the simulcast except that money set aside for purses and payments to the breeders fund from wagering on ~~full racing card simulcasts~~ of races not conducted in this state, occurring during a live mixed meet, must be allotted to the purses and breeders fund for each breed participating in the mixed meet as agreed upon by the breed organizations participating in the live mixed meet. The agreement shall be in writing and filed with the commission prior to the first day of the live mixed meet. In the absence of a written agreement filed with the commission, the money set aside for purses and payments to the breeders fund from wagering on simulcasts, occurring during a live mixed meet, shall be allotted to each breed participating in the live mixed meet in the same proportion that the number of live races run by each breed bears to the total number of live races conducted during the period of the mixed meet.

~~(f)~~ (e) The allocation of money set aside for purses to particular racing meets may be adjusted, relative to overpayments and underpayments, by contract between the licensee and the horsepersons' organization representing the majority of horsepersons racing the breed involved at the licensee's facility.

~~(g)~~ (f) Subject to the provisions of this chapter, money set aside from pari-mutuel pools for purses must be for the breed involved in the race that generated the pool, except that if the breed involved in the race generating the pari-mutuel pool is not racing in the current racing meeting, or has not raced within the preceding 12 months at the licensee's class A facility, money set aside for purses may be distributed

proportionately to those breeds that have run during the preceding 12 months or paid to the commission and used for purses or to promote racing for the breed involved in the race generating the pari-mutuel pool, or both, in a manner prescribed by the commission.

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

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

Sec. 14. Minnesota Statutes 2014, section 240.13, subdivision 6, is amended to read:

Subd. 6. **Simulcasting.** (a) The commission may permit an authorized licensee to conduct simulcasting at the licensee's facility on any day authorized by the commission. All simulcasts must comply with the Interstate Horse Racing Act of 1978, United States Code, title 15, sections 3001 to 3007.

(b) The commission may not authorize any day for simulcasting at a class A facility during the racing season, and a licensee may not be allowed to transmit out-of-state telecasts of races the licensee conducts, unless the licensee has obtained the approval of the horsepersons' organization representing the majority of the horsepersons racing the breed involved at the licensed racetrack during the preceding 12 months. In the case of a class A facility licensed under section 240.06, subdivision 5a, the approval applicable to the first year of the racetrack's operation may be obtained from the horsepersons' organization that represents the majority of horsepersons who will race the breed involved at the licensed racetrack during the first year of the racetrack's operation.

(c) The licensee may pay fees and costs to an entity transmitting a telecast of a race to the licensee for purposes of conducting pari-mutuel wagering on the race. The licensee may deduct fees and costs related to the receipt of televised transmissions from a pari-mutuel pool on the televised race, provided that one-half of any amount recouped in this manner must be added to the amounts required to be set aside for purses.

(d) With the approval of the commission and subject to the provisions of this subdivision, a licensee may transmit telecasts of races it conducts, for wagering purposes, to locations outside the state, and the commission may allow this to be done on a commingled pool basis.

(e) Except as otherwise provided in this section, simulcasting may be conducted on a separate commingled pool basis or, with the approval of the commission, on a ~~commingled~~-separate pool basis. All provisions of law governing pari-mutuel betting apply to simulcasting except as otherwise provided in this subdivision or in the commission's rules. If pools are commingled, wagering at the licensed facility must be on equipment electronically linked with the equipment at the licensee's class A facility or with the sending racetrack via the totalizator computer at the licensee's class A facility. Subject to the approval of the commission, the types of betting, takeout, and distribution of winnings on commingled pari-mutuel pools are those in effect at the sending racetrack. Breakage for pari-mutuel pools on a televised race must be calculated in accordance with the law or rules governing the sending racetrack for these pools, and must be distributed in a manner agreed to between the licensee and the sending racetrack. Notwithstanding subdivision 7 and section 240.15, subdivision 5, the commission may approve procedures governing the definition and disposition of unclaimed tickets that are consistent with the law and rules governing unclaimed tickets at the sending racetrack. For the purposes of this section, "sending racetrack" is either the racetrack outside of this state where the horse race is conducted or, with the consent of the racetrack, an alternative facility that serves as the racetrack for the purpose of commingling pools.

(f) Except as otherwise provided in section 240.06, subdivision 5b, paragraph (2), if there is more than one class B licensee conducting racing within the seven-county metropolitan area, simulcasting may be

conducted only on races run by a breed that ran at the licensee's class A facility within the 12 months preceding the event.

Sec. 15. Minnesota Statutes 2014, section 240.135, is amended to read:

240.135 CARD CLUB REVENUE.

(a) From the amounts received from charges authorized under section 240.30, subdivision 4, the licensee shall set aside the amounts specified in this section to be used for purse payments. These amounts are in addition to the breeders fund and purse requirements set forth elsewhere in this chapter.

(1) For amounts between zero and \$6,000,000, the licensee shall set aside not less than ten percent to be used as purses.

(2) For amounts in excess of \$6,000,000, the licensee shall set aside not less than 14 percent to be used as purses.

(b) From all amounts set aside under paragraph (a), the licensee shall set aside ten percent to be deposited in the breeders fund. ~~The licensee and the horseperson's organization representing the majority of horsepersons who have raced at the racetrack during the preceding 12 months may negotiate percentages different from those stated in this section if the agreement is in writing and filed with the Racing Commission.~~

(c) It is the intent of the legislature that the proceeds of the card playing activities authorized by this chapter be used to improve the horse racing industry by improving purses. The licensee and the horseperson's organization representing the majority of horsepersons who have raced at the racetrack during the preceding 12 months may negotiate percentages that exceed those stated in this section if the agreement is in writing and filed with the commission. The commission shall annually review the financial details of card playing activities and determine if the present use of card playing proceeds is consistent with the policy established by this paragraph. If the commission determines that the use of the proceeds does not comply with the policy set forth herein, then the commission shall direct the parties to make the changes necessary to ensure compliance. If these changes require legislation, the commission shall make the appropriate recommendations to the legislature.

Sec. 16. Minnesota Statutes 2014, section 240.15, subdivision 1, is amended to read:

Subdivision 1. **Taxes imposed.** (a) There is imposed a tax at the rate of six percent of the amount in excess of \$12,000,000 annually withheld from all pari-mutuel pools by the licensee, including breakage and amounts withheld under section 240.13, subdivision 4. For the purpose of this subdivision, "annually" is the period from July 1 to June 30 of the next year.

In addition to the above tax, the licensee must designate and pay to the commission a tax of one percent of the ~~total amount bet on each racing day~~ handle for live races conducted at a class A facility, for deposit in the Minnesota breeders fund.

The taxes imposed by this clause must be paid from the amounts permitted to be withheld by a licensee under section 240.13, subdivision 4.

(b) The commission may impose an admissions tax of not more than ten cents on each paid admission at a licensed racetrack on a racing day if:

(1) the tax is requested by a local unit of government within whose borders the track is located;

(2) a public hearing is held on the request; and

(3) the commission finds that the local unit of government requesting the tax is in need of its revenue to meet extraordinary expenses caused by the racetrack.

Sec. 17. Minnesota Statutes 2014, section 240.15, subdivision 6, is amended to read:

Subd. 6. **Disposition of proceeds; account.** The commission shall distribute all money received under this section, and all money received from license fees and fines it collects, according to this subdivision. All money designated for deposit in the Minnesota breeders fund must be paid into that fund for distribution under section 240.18 except that all money generated by ~~full-racing-card~~ simulcasts must be distributed as provided in section 240.18, subdivisions 2, paragraph (d), clauses (1), (2), and (3); and 3. Revenue from an admissions tax imposed under subdivision 1 must be paid to the local unit of government at whose request it was imposed, at times and in a manner the commission determines. Taxes received under this section and fines collected under section 240.22 must be paid to the commissioner of management and budget for deposit in the general fund. All revenues from licenses and other fees imposed by the commission must be deposited in the state treasury and credited to a racing and card playing regulation account in the special revenue fund. Receipts in this account are available for the operations of the commission up to the amount authorized in biennial appropriations from the legislature.

Sec. 18. Minnesota Statutes 2014, section 240.16, subdivision 1, is amended to read:

Subdivision 1. **Powers and duties.** All horse races run at a licensed racetrack must be presided over by a board of three stewards, who must be appointees of the commission or persons approved by it. The commission shall designate one steward as chair. At least two stewards for all races either shall be employees of the commission who shall serve in the unclassified service, or shall be under contract with the commission to serve as stewards. The commission may delegate the following duties and powers to a board of stewards:

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

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

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

(d) to impose on licensees, for violation of law or commission rules, fines not exceeding ~~\$2,000~~ \$5,000 and license suspensions not exceeding 90 days;

(e) to recommend to the commission where warranted penalties in excess of those in clause (d);

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

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

Sec. 19. Minnesota Statutes 2014, section 240.22, is amended to read:

240.22 FINES.

(a) The commission shall by rule establish a graduated schedule of civil fines for violations of laws related to horse racing or of the commission's rules. The schedule must include minimum and maximum

finer for each violation and be based on and reflect the culpability, frequency and severity of the violator's actions. The commission may impose a fine from this schedule on a licensee for a violation of those rules or laws relating to horse racing. The fine is in addition to any criminal penalty imposed for the same violation. Fines imposed by the commission must be paid to the commission and except as provided in paragraph (b), forwarded to the commissioner of management and budget for deposit in the general fund. A fine in excess of ~~\$2,000~~ \$5,000 is a contested case under the Administrative Procedure Act.

(b) If the commission is the prevailing party in a contested case proceeding, the commission may recover, from amounts to be forwarded under paragraph (a), reasonable attorney fees and costs associated with the contested case.

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

Sec. 20. Minnesota Statutes 2014, section 240.23, is amended to read:

240.23 RULEMAKING AUTHORITY.

The commission has the authority, in addition to all other rulemaking authority granted elsewhere in this chapter to promulgate rules governing:

(a) the conduct of horse races held at licensed racetracks in Minnesota, including but not limited to the rules of racing, standards of entry, operation of claiming races, filing and handling of objections, carrying of weights, and declaration of official results;

(b) ~~wire~~ wired and wireless communications between the premises of a licensed racetrack and any place outside the premises;

(c) information on horse races which is sold on the premises of a licensed racetrack;

(d) liability insurance which it may require of all class A, class B, and class D licensees;

(e) the auditing of the books and records of a licensee by an auditor employed or appointed by the commission;

(f) emergency action plans maintained by licensed racetracks and their periodic review;

(g) safety, security, and sanitation of stabling facilities at licensed racetracks;

(h) entry fees and other funds received by a licensee in the course of conducting racing which the commission determines must be placed in escrow accounts;

(i) affirmative action in employment and contracting by class A, class B, and class D licensees; ~~and~~

(j) procedures for the sampling and testing of any horse that is eligible to race in Minnesota for substances or practices that are prohibited by law or rule; and

~~(j)~~ (k) any other aspect of horse racing or pari-mutuel betting which in its opinion affects the integrity of racing or the public health, welfare, or safety.

Rules of the commission are subject to chapter 14, the Administrative Procedure Act.

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

Sec. 21. Minnesota Statutes 2014, section 364.09, is amended to read:

364.09 EXCEPTIONS.

(a) This chapter does not apply to the licensing process for peace officers; to law enforcement agencies as defined in section 626.84, subdivision 1, paragraph (f); to fire protection agencies; to eligibility for a private detective or protective agent license; to the licensing and background study process under chapters 245A and 245C; to the licensing and background investigation process under chapter 240; to eligibility for school bus driver endorsements; to eligibility for special transportation service endorsements; to eligibility for a commercial driver training instructor license, which is governed by section 171.35 and rules adopted under that section; to emergency medical services personnel, or to the licensing by political subdivisions of taxicab drivers, if the applicant for the license has been discharged from sentence for a conviction within the ten years immediately preceding application of a violation of any of the following:

(1) sections 609.185 to 609.2114, 609.221 to 609.223, 609.342 to 609.3451, or 617.23, subdivision 2 or 3; or Minnesota Statutes 2012, section 609.21;

(2) any provision of chapter 152 that is punishable by a maximum sentence of 15 years or more; or

(3) a violation of chapter 169 or 169A involving driving under the influence, leaving the scene of an accident, or reckless or careless driving.

This chapter also shall not apply to eligibility for juvenile corrections employment, where the offense involved child physical or sexual abuse or criminal sexual conduct.

(b) This chapter does not apply to a school district or to eligibility for a license issued or renewed by the Board of Teaching or the commissioner of education.

(c) Nothing in this section precludes the Minnesota Police and Peace Officers Training Board or the state fire marshal from recommending policies set forth in this chapter to the attorney general for adoption in the attorney general's discretion to apply to law enforcement or fire protection agencies.

(d) This chapter does not apply to a license to practice medicine that has been denied or revoked by the Board of Medical Practice pursuant to section 147.091, subdivision 1a.

(e) This chapter does not apply to any person who has been denied a license to practice chiropractic or whose license to practice chiropractic has been revoked by the board in accordance with section 148.10, subdivision 7.

(f) This chapter does not apply to any license, registration, or permit that has been denied or revoked by the Board of Nursing in accordance with section 148.261, subdivision 1a.

(g) This chapter does not supersede a requirement under law to conduct a criminal history background investigation or consider criminal history records in hiring for particular types of employment.

Sec. 22. **REVISOR'S INSTRUCTION.**

(a) The revisor of statutes shall renumber the subdivisions in Minnesota Statutes, section 240.01, to put the definitions contained in that section in alphabetical order.

(b) The revisor of statutes shall correct any cross-references in Minnesota Statutes and Minnesota Rules as a result of the renumbering in paragraph (a).

Sec. 23. **REPEALER.**

Minnesota Statutes 2014, section 240.01, subdivisions 12 and 23, are repealed.

Presented to the governor May 20, 2015

Signed by the governor May 23, 2015, 12:25 p.m.