

**CHAPTER 1--H.F.No. 3**

*An act relating to state government; appropriating money to the Departments of Employment and Economic Development, Labor and Industry, and Commerce; Bureau of Mediation Services; Housing Finance Agency; Explore Minnesota Tourism; Workers' Compensation Court of Appeals; Public Utilities Commission; making policy changes to the Departments of Employment and Economic Development, Labor and Industry, and Commerce; making changes to housing, unemployment insurance, and energy provisions; creating a MNvest regulation exemption; creating various jobs and workforce development programs; regulating insurance; allowing additional unemployment insurance benefits for certain workers; modifying a Public Employment Relations Board duty; modifying Destination Medical Center taxing authority; making a transfer from the closed landfill investment account; requiring reports; appointing task forces; modifying fees and penalties; amending Minnesota Statutes 2014, sections 12A.15, subdivision 1; 45.0135, by adding a subdivision; 60D.215, subdivision 2; 65B.44, by adding a subdivision; 80A.84; 116J.394; 116J.8738, subdivision 3, by adding a subdivision; 116L.17, subdivision 4; 116L.98, subdivisions 1, 3, 5, 7; 216B.02, by adding subdivisions; 216B.16, subdivisions 6, 7b, 19; 216B.164, subdivision 3; 216B.2425; 216B.62, subdivision 3b; 268.035, subdivisions 6, 21b, 26, 30; 268.051, subdivision 7; 268.07, subdivisions 2, 3b; 268.085, subdivisions 1, 2; 268.095, subdivision 10; 268.105, subdivisions 3, 7; 268.136, subdivision 1; 268.188; 268.194, subdivision 1; 268A.01, subdivisions 6, 10, by adding a subdivision; 268A.03; 268A.06; 268A.07; 268A.085; 326B.092, subdivision 7, as amended; 326B.096; 326B.986, subdivisions 5, 8; 327.20, subdivision 1; 341.321; 469.40, subdivision 11, as amended; 469.43, by adding a subdivision; 469.45, subdivisions 1, 2; 469.47, subdivision 4, as amended; Laws 1994, chapter 493, section 1; Laws 2014, chapter 211, section 13; Laws 2014, chapter 308, article 6, section 14, subdivision 5; Laws 2015, chapter 54, article 5, section 16; proposing coding for new law in Minnesota Statutes, chapters 80A; 116J; 116L; 216B; 216H; proposing coding for new law as Minnesota Statutes, chapter 59D; repealing Minnesota Statutes 2014, section 268.042, subdivision 4.*

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

**ARTICLE 1****JOBS APPROPRIATIONS****Section 1. JOBS AND ECONOMIC DEVELOPMENT APPROPRIATIONS.**

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

**APPROPRIATIONS**  
**Available for the Year**

		<u>Ending June 30</u>	
		<u>2016</u>	<u>2017</u>
<b>Sec. 2. DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT</b>			
<b>Subdivision 1. Total Appropriation</b>	<b>\$</b>	<b><u>123,314,000</u></b>	<b><u>\$ 105,471,000</u></b>
<u>Appropriations by Fund</u>			
	<u>2016</u>	<u>2017</u>	
<u>General</u>	<u>96,108,000</u>	<u>79,257,000</u>	
<u>Remediation</u>	<u>700,000</u>	<u>700,000</u>	
<u>Workforce</u>			
<u>Development</u>	<u>26,506,000</u>	<u>25,514,000</u>	

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

**Subd. 2. Business and Community Development**

<u>Appropriations by Fund</u>		
<u>General</u>	<u>49,194,000</u>	<u>44,286,000</u>
<u>Remediation</u>	<u>700,000</u>	<u>700,000</u>
<u>Workforce</u>		
<u>Development</u>	<u>900,000</u>	<u>900,000</u>

(a)(1) \$15,000,000 each year is for the Minnesota investment fund under Minnesota Statutes, section 116J.8731. Of this amount, the commissioner may use up to three percent for administrative expenses and technology upgrades. This appropriation is available until expended.

(2) Of the amount appropriated in fiscal year 2016, up to \$4,000,000 is for a loan to construct a \$10,000,000 aircraft manufacturing facility. Funds available under this clause may be used for purchases of materials and supplies made from July 1, 2015, through June 30, 2016, and which are directly related to the construction of the aircraft manufacturing facility. This loan is not subject to the limitations under Minnesota Statutes, section 116J.8731, subdivision 5. The commissioner shall forgive the loan after verification that the project has satisfied performance goals and contractual obligations as required under Minnesota Statutes, section 116J.8731, subdivision 7. The amount available under this clause is available until June 30, 2019.

(b) \$12,500,000 each year is for the Minnesota job creation fund under Minnesota Statutes, section 116J.8748. Of this amount, the commissioner may use up to three percent for administrative expenses. This appropriation is available until expended.

(c) \$1,272,000 each year is from the general fund for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until expended.

(d) \$700,000 each year is from the remediation fund for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until expended.

(e) \$1,425,000 each year is from the general fund for the business development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the business development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.

(f) \$4,195,000 each year is from the general fund for the Minnesota job skills partnership program under Minnesota Statutes, sections 116L.01 to 116L.17. If the appropriation for either year is insufficient, the appropriation for the other year is available. This appropriation is available until expended.

(g) \$12,000 each year is from the general fund for a grant to the Upper Minnesota Film Office.

(h) \$325,000 each year is from the general fund for the Minnesota Film and TV Board. The appropriation in each year is available only upon receipt by the board of \$1 in matching contributions of money or in-kind contributions from nonstate sources for every \$3 provided by this appropriation, except that each year up to \$50,000 is available on July 1 even if the required matching contribution has not been received by that date.

(i) \$3,500,000 the first year and \$1,500,000 the second year are from the general fund for a grant

to the Minnesota Film and TV Board for the film production jobs program under Minnesota Statutes, section 116U.26. This appropriation is available until expended.

(j) \$875,000 each year is from the general fund for the host community economic development program established in Minnesota Statutes, section 116J.548.

(k) \$1,373,000 in fiscal year 2016 is for the workforce housing grants pilot program in Laws 2014, chapter 308, article 6, section 14. This appropriation is onetime and is available until spent. The commissioner of employment and economic development may use up to five percent for administrative costs.

(l) \$2,000,000 each year is for the workforce housing grant program in Minnesota Statutes, section 116J.549. Of this amount, up to five percent is for administration and monitoring of the program. This appropriation is available until spent.

(m) \$139,000 each year is from the general fund for the Center for Rural Policy and Development.

(n) \$400,000 the first year is from the general fund for a grant to develop and implement a southern and southwestern Minnesota initiative foundation collaborative pilot project. Funds available under this paragraph must be used to support and develop entrepreneurs in diverse populations in southern and southwestern Minnesota. This is a onetime appropriation.

(o) \$1,900,000 in fiscal year 2016 and \$1,300,000 in fiscal year 2017 are from the general fund for the greater Minnesota business development public infrastructure grant program under Minnesota Statutes, section 116J.431. This appropriation is available until spent. Funds available under this paragraph may be used for site preparation of property owned and to be used by private entities.

(1) Notwithstanding any law to the contrary, of the amount appropriated in fiscal year 2016, \$1,800,000 is for a grant to the city of Cambridge to fund ongoing development and improvement of Trunk Highway 95 within the city of Cambridge, including economic development, land acquisition and enhancements,

safety improvements, design, engineering, environmental studies, corridor mappings, right-of-way acquisitions, and associated improvements. Notwithstanding Minnesota Statutes, section 116J.431, subdivision 1, a local match is not required for this project. This is a onetime appropriation and any unspent funds do not lapse.

(2) Notwithstanding any law to the contrary, of the amount appropriated in fiscal year 2016, \$100,000 is for a grant to the city of Taylors Falls for economic development, redevelopment, and job creation programs and projects. This appropriation is available until expended.

(p) \$35,000 the first year is for an economic development grant for the city of Delano to reimburse the Delano Fourth of July Committee, Incorporated for unanticipated tax liabilities related to past city celebrations.

(q) \$500,000 the first year is for a grant to the Eastside Enterprise Center for economic development and job creation, including loans, business and workforce training, and business assistance. This appropriation shall be divided equally between African Economic Development Solutions, the Asian Economic Development Association, and the Latino Economic Development Center. This is a onetime appropriation.

(r) \$900,000 in fiscal year 2016 and \$900,000 in fiscal year 2017 are from the workforce development fund for job training grants under Minnesota Statutes, section 116L.42.

### Subd. 3. Workforce Development

	<u>Appropriations by Fund</u>	
<u>General</u>	<u>2,189,000</u>	<u>1,789,000</u>
<u>Workforce Development</u>	<u>17,567,000</u>	<u>16,767,000</u>

(a) \$1,039,000 each year from the general fund and \$3,104,000 each year from the workforce development fund are for the adult workforce development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the adult workforce development com-

petitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.

(b) \$4,050,000 each year is from the workforce development fund for the Minnesota youth program under Minnesota Statutes, sections 116L.56 and 116L.561, to provide employment and career advising to youth, including career guidance in secondary schools, to address the youth career advising deficiency, to carry out activities outlined in Minnesota Statutes, section 116L.561, to provide support services, and to provide work experience to youth in the workforce service areas. The funds in this paragraph may be used for expansion of the pilot program combining career and higher education advising in Laws 2013, chapter 85, article 3, section 27. Activities in workforce services areas under this paragraph may serve all youth up to age 24.

(c) \$1,000,000 each year is from the workforce development fund for the youthbuild program under Minnesota Statutes, sections 116L.361 to 116L.366.

(d) \$450,000 each year is from the workforce development fund for a grant to Minnesota Diversified Industries, Inc., to provide progressive development and employment opportunities for people with disabilities.

(e) \$3,348,000 each year is from the workforce development fund for the "Youth at Work" youth workforce development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the youth workforce development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.

(f) \$500,000 each year is from the workforce development fund for the Opportunities Industrialization Center programs.

(g) \$750,000 each year is from the workforce development fund for a grant to the Minnesota Alliance of Boys and Girls Clubs to administer a statewide project of youth jobs skills development. This project, which may have career guidance components,

including health and life skills, is to encourage, train, and assist youth in job-seeking skills, workplace orientation, and job-site knowledge through coaching. This grant requires a 25 percent match from nonstate resources.

(h) \$250,000 the first year and \$250,000 the second year are for pilot programs in the workforce service areas to combine career and higher education advising.

(i) \$215,000 each year is from the workforce development fund for a grant to Big Brothers, Big Sisters of the Greater Twin Cities for workforce readiness, employment exploration, and skills development for youth ages 12 to 21. The grant must serve youth in the Twin Cities, Central Minnesota and Southern Minnesota Big Brothers, Big Sisters chapters.

(j) \$900,000 in fiscal year 2016 and \$1,100,000 in fiscal year 2017 are from the workforce development fund for a grant to the Minnesota High Tech Association to support SciTechsperience, a program that supports science, technology, engineering, and math (STEM) internship opportunities for two- and four-year college students in their field of study. The internship opportunities must match students with paid internships within STEM disciplines at small, for-profit companies located in the seven-county metropolitan area, having fewer than 150 total employees; or at small or medium, for-profit companies located outside of the seven-county metropolitan area, having fewer than 250 total employees. At least 200 students must be matched in the first year and at least 250 students must be matched in the second year. Selected hiring companies shall receive from the grant 50 percent of the wages paid to the intern, capped at \$2,500 per intern. The program must work toward increasing the participation among women or other underserved populations.

(k) \$50,000 each year is from the workforce development fund for a grant to the St. Cloud Area Somali Salvation Organization for youth development and crime prevention activities. Grant funds may be used to train and place mentors in elementary and secondary schools; for athletic, social, and other ac-

tivities to foster leadership development; to provide a safe place for participating youth to gather after school, on weekends, and on holidays; and activities to improve the organizational and job readiness skills of participating youth.

(l) \$500,000 each year is for rural career counseling coordinator positions in the workforce service areas and for the purposes specified in Minnesota Statutes, section 116L.667. The commissioner, in consultation with local workforce investment boards and local elected officials in each of the service areas receiving funds, shall develop a method of distributing funds to provide equitable services across workforce service areas.

(m) \$400,000 in fiscal year 2016 is for a grant to YWCA Saint Paul for training and job placement assistance, including commercial driver's license training, through the job placement and retention program. This is a onetime appropriation.

(n) \$800,000 in fiscal year 2016 is from the workforce development fund for the customized training program for manufacturing industries under article 2, section 24. This is a onetime appropriation and is available in either year of the biennium. Of this amount:

(1) \$350,000 is for a grant to Central Lakes College for the purposes of this paragraph;

(2) \$250,000 is for Minnesota West Community and Technical College for the purposes of this paragraph; and

(3) \$200,000 is for South Central College for the purposes of this paragraph.

(o) \$500,000 each year is from the workforce development fund for a grant to Resource, Inc. to provide low-income individuals career education and job skills training that are fully integrated with chemical and mental health services.

(p) \$200,000 in fiscal year 2016 and \$200,000 in fiscal year 2017 are from the workforce development fund for performance grants under Minnesota Statutes, section 116J.8747, to Twin Cities RISE! to provide



training to hard-to-train individuals. This is a onetime appropriation.

(q) \$200,000 in fiscal year 2016 is from the workforce development fund for the foreign-trained health care professionals grant program modeled after the pilot program conducted under Laws 2006, chapter 282, article 11, section 2, subdivision 12, to encourage state licensure of foreign-trained health care professionals, including: physicians, with preference given to primary care physicians who commit to practicing for at least five years after licensure in underserved areas of the state; nurses; dentists; pharmacists; mental health professionals; and other allied health care professionals. The commissioner must collaborate with health-related licensing boards and Minnesota workforce centers to award grants to foreign-trained health care professionals sufficient to cover the actual costs of taking a course to prepare health care professionals for required licensing examinations and the fee for the state licensing examinations. When awarding grants, the commissioner must consider the following factors:

(1) whether the recipient's training involves a medical specialty that is in high demand in one or more communities in the state;

(2) whether the recipient commits to practicing in a designated rural area or an underserved urban community, as defined in Minnesota Statutes, section 144.1501;

(3) whether the recipient's language skills provide an opportunity for needed health care access for underserved Minnesotans; and

(4) any additional criteria established by the commissioner.

This is a onetime appropriation and is available until June 30, 2019.

**Subd. 4. General Support Services**

	<u>Appropriations by Fund</u>	
<u>General</u>	<u>3,059,000</u>	<u>3,104,000</u>
<u>Workforce Development</u>	<u>209,000</u>	<u>17,000</u>

(a) \$150,000 each year is from the general fund for the cost-of-living study required under Minnesota Statutes, section 116J.013.

(b) \$1,300,000 in fiscal year 2016 and \$1,300,000 in fiscal year 2017 are for operating the Olmstead Implementation Office. The base appropriation for the office is \$1,269,000 for fiscal year 2018 and \$1,269,000 in fiscal year 2019.

(c) \$150,000 in fiscal year 2016 is for an analysis of various options for the delivery of a family medical leave insurance program and associated costs and benefits. This is a onetime appropriation.

(d) \$200,000 in fiscal year 2016 is from the workforce development fund for the uniform outcome report card requirements under Minnesota Statutes, section 116L.98. This is a onetime appropriation.

(e) \$250,000 the first year and \$250,000 the second year are from the general fund for the publication, dissemination, and use of labor market information under Minnesota Statutes, section 116J.4011.

**Subd. 5. Minnesota Trade Office**

2,292,000

2,292,000

(a) \$300,000 each year is for the STEP grants in Minnesota Statutes, section 116J.979.

(b) \$180,000 each year is for the Invest Minnesota Marketing Initiative in Minnesota Statutes, section 116J.9781.

(c) \$270,000 each year is for the expansion of Minnesota Trade Offices under Minnesota Statutes, section 116J.978.

(d) \$50,000 each year is for the trade policy advisory group under Minnesota Statutes, section 116J.9661.

**Subd. 6. Vocational Rehabilitation**

	<u>Appropriations by Fund</u>	
<u>General</u>	<u>22,611,000</u>	<u>21,611,000</u>
<u>Workforce Development</u>	<u>7,830,000</u>	<u>7,830,000</u>

(a) \$10,800,000 each year is from the general fund for the state's vocational rehabilitation program under Minnesota Statutes, chapter 268A.

(b) \$2,261,000 each year is from the general fund for grants to centers for independent living under Minnesota Statutes, section 268A.11.

(c) \$5,745,000 each year from the general fund and \$6,830,000 each year from the workforce development fund are for extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15.

(d) \$250,000 in fiscal year 2016 and \$250,000 in fiscal year 2017 are for rate increases to providers of extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15. This appropriation is added to the agency's base.

(e) \$2,555,000 each year is from the general fund for grants to programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14.

(f) \$1,000,000 each year is from the workforce development fund for grants under Minnesota Statutes, section 268A.16, for employment services for persons, including transition-aged youth, who are deaf, deafblind, or hard-of-hearing. If the amount in the first year is insufficient, the amount in the second year is available in the first year.

(g) \$1,000,000 in fiscal year 2016 is for a grant to Assistive Technology of Minnesota, a statewide nonprofit organization that is exclusively dedicated to the issues of access to and the acquisition of assistive technology. The purpose of the grant is to acquire assistive technology and to work in tandem with individuals using this technology to create career paths. This is a onetime appropriation.

(h) For purposes of this subdivision, Minnesota Diversified Industries, Inc. is an eligible provider of services for persons with severe disabilities under Minnesota Statutes, section 268A.15.

**Subd. 7. Services for the Blind**5,925,0005,925,000**Subd. 8. Competitive Grant Limitations**

An organization that receives a direct appropriation under this section is not eligible to participate in competitive grant programs under this section during the fiscal years in which the direct appropriations are received.

**Subd. 9. Broadband Development**10,838,000250,000

(a) \$250,000 each year is for the Broadband Development Office.

(b)(1) \$10,588,000 in fiscal year 2016 is for deposit in the border-to-border broadband fund account created under Minnesota Statutes, section 116J.396, and may be used for the purposes provided in Minnesota Statutes, section 116J.395. This is a onetime appropriation and is available until June 30, 2017.

(2) Of the appropriation in clause (1), up to three percent of this amount is for costs incurred by the commissioner to administer Minnesota Statutes, section 116J.395. Administrative costs may include the following activities related to measuring progress toward the state's broadband goals established in Minnesota Statutes, section 237.012:

(i) collecting broadband deployment data from Minnesota providers, verifying its accuracy through on-the-ground testing, and creating state and county maps available to the public showing the availability of broadband service at various upload and download speeds throughout Minnesota;

(ii) analyzing the deployment data collected to help inform future investments in broadband infrastructure; and

(iii) conducting business and residential surveys that measure broadband adoption and use in the state.

(3) Data provided by a broadband provider under this paragraph is nonpublic data under Minnesota Statutes, section 13.02, subdivision 9. Maps produced under this paragraph are public data under Minnesota Statutes, section 13.03.

Sec. 3. HOUSING FINANCE AGENCY

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>54,298,000</u>	<u>\$</u>	<u>50,298,000</u>
---	-----------	-------------------	-----------	-------------------

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

Unless otherwise specified, this appropriation is for transfer to the housing development fund for the programs specified in this section. Except as otherwise indicated, this transfer is part of the agency's permanent budget base.

<u>Subd. 2. Challenge Program</u>		<u>14,925,000</u>		<u>12,925,000</u>
-----------------------------------	--	-------------------	--	-------------------

(a) This appropriation is for the economic development and housing challenge program under Minnesota Statutes, section 462A.33. The agency must continue to strengthen its efforts to address the disparity rate between white households and indigenous American Indians and communities of color. Of this amount, \$1,208,000 each year shall be made available during the first 11 months of the fiscal year exclusively for housing projects for American Indians. Any funds not committed to housing projects for American Indians in the first 11 months of the fiscal year shall be available for any eligible activity under Minnesota Statutes, section 462A.33.

(b)(1) \$2,000,000 the first year is a onetime appropriation and is targeted for housing in communities and regions that have:

(i) low housing vacancy rates;

(ii) cooperatively developed a plan that identifies current and future housing needs;

(iii) evidence of anticipated job expansion; or

(iv) a significant portion of area employees who commute more than 30 miles between their residence and their employment.

(2) Among comparable housing proposals, preference must be given to proposals that:

(i) include a meaningful contribution from area employers that reduces the need for deferred loan or grant funds from state resources; or

(ii) provide housing opportunities for an expanded range of household incomes within a community or that provide housing opportunities for a wide range of incomes within the development.

(c) The base amount for this program in fiscal year 2018 and thereafter is \$12,925,000.

**Subd. 3. Housing Trust Fund**

13,471,000

11,471,000

(a) This appropriation is for deposit in the housing trust fund account created under Minnesota Statutes, section 462A.201, and may be used for the purposes provided in that section. To the extent that these funds are used for the acquisition of housing, the agency shall give priority among comparable projects to projects that focus on creating safe and stable housing for homeless youth or projects that provide housing to trafficked women and children.

(b) \$2,000,000 the first year is a onetime appropriation for temporary rental assistance for families with school-age children who have changed their school or home at least once in the last school year. The agency, in consultation with the Department of Education, may establish additional targeting criteria.

**Subd. 4. Rental Assistance for Mentally III**

4,088,000

4,088,000

This appropriation is for the rental housing assistance program for persons with a mental illness or families with an adult member with a mental illness under Minnesota Statutes, section 462A.2097. Among comparable proposals, the agency shall prioritize those proposals that target, in part, eligible persons who desire to move to more integrated, community-based settings.

**Subd. 5. Family Homeless Prevention**

8,519,000

8,519,000

This appropriation is for the family homeless prevention and assistance programs under Minnesota Statutes, section 462A.204.

**Subd. 6. Home Ownership Assistance Fund**

885,000

885,000

This appropriation is for the home ownership assistance program under Minnesota Statutes, section

462A.21, subdivision 8. The agency shall continue to strengthen its efforts to address the disparity gap in the homeownership rate between white households and indigenous American Indians and communities of color.

**Subd. 7. Affordable Rental Investment Fund**

4,218,000

4,218,000

(a) This appropriation is for the affordable rental investment fund program under Minnesota Statutes, section 462A.21, subdivision 8b, to finance the acquisition, rehabilitation, and debt restructuring of federally assisted rental property and for making equity take-out loans under Minnesota Statutes, section 462A.05, subdivision 39.

(b) The owner of federally assisted rental property must agree to participate in the applicable federally assisted housing program and to extend any existing low-income affordability restrictions on the housing for the maximum term permitted. The owner must also enter into an agreement that gives local units of government, housing and redevelopment authorities, and nonprofit housing organizations the right of first refusal if the rental property is offered for sale. Priority must be given among comparable federally assisted rental properties to properties with the longest remaining term under an agreement for federal assistance. Priority must also be given among comparable rental housing developments to developments that are or will be owned by local government units, a housing and redevelopment authority, or a nonprofit housing organization.

(c) The appropriation also may be used to finance the acquisition, rehabilitation, and debt restructuring of existing supportive housing properties. For purposes of this paragraph, "supportive housing" means affordable rental housing with links to services necessary for individuals, youth, and families with children to maintain housing stability.

**Subd. 8. Housing Rehabilitation**

6,515,000

6,515,000

This appropriation is for the housing rehabilitation program under Minnesota Statutes, section 462A.05, subdivision 14. Of this amount, \$2,772,000 each year

is for the rehabilitation of owner-occupied housing and \$3,743,000 each year is for the rehabilitation of eligible rental housing. In administering a rehabilitation program for rental housing, the agency may apply the processes and priorities adopted for administration of the economic development and housing challenge program under Minnesota Statutes, section 462A.33.

**Subd. 9. Homeownership Education, Counseling, and Training**

857,000

857,000

This appropriation is for the homeownership education, counseling, and training program under Minnesota Statutes, section 462A.209. Priority may be given to funding programs that are aimed at culturally specific groups who are providing services to members of their communities.

**Subd. 10. Capacity Building Grants**

375,000

375,000

This appropriation is for nonprofit capacity building grants under Minnesota Statutes, section 462A.21, subdivision 3b. Of this amount, \$125,000 each year is for support of the Homeless Management Information System (HMIS).

**Sec. 4. EXPLORE MINNESOTA TOURISM**

**\$**

**14,118,000**

**\$**

**14,248,000**

(a) To develop maximum private sector involvement in tourism, \$500,000 in fiscal year 2016 and \$500,000 in fiscal year 2017 must be matched by Explore Minnesota Tourism from nonstate sources. Each \$1 of state incentive must be matched with \$6 of private sector funding. Cash match is defined as revenue to the state or documented cash expenditures directly expended to support Explore Minnesota Tourism programs. Up to one-half of the private sector contribution may be in-kind or soft match. The incentive in fiscal year 2016 shall be based on fiscal year 2015 private sector contributions. The incentive in fiscal year 2017 shall be based on fiscal year 2016 private sector contributions. This incentive is ongoing.

(b) Funding for the marketing grants is available either year of the biennium. Unexpended grant funds from the first year are available in the second year.



(c) \$30,000 in fiscal year 2016 is for Mille Lacs Lake tourism promotion. This is a onetime appropriation.

**Sec. 5. DEPARTMENT OF LABOR AND INDUSTRY**

<b><u>Subdivision 1. Total Appropriation</u></b>	<b>\$</b>	<b><u>27,646,000</u></b>	<b>\$</b>	<b><u>30,234,000</u></b>
--	-----------	--------------------------	-----------	--------------------------

<u>Appropriations by Fund</u>		
	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>1,184,000</u>	<u>1,202,000</u>
<u>Workers' Compensation</u>	<u>25,419,000</u>	<u>27,975,000</u>
<u>Workforce Development</u>	<u>1,043,000</u>	<u>1,057,000</u>

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

<b><u>Subd. 2. Workers' Compensation</u></b>	<b><u>15,226,000</u></b>	<b><u>17,782,000</u></b>
--	--------------------------	--------------------------

This appropriation is from the workers' compensation fund.

\$4,000,000 in fiscal year 2016 and \$6,000,000 in fiscal year 2017 are for workers' compensation system upgrades. The base appropriation for this purpose is \$3,000,000 in fiscal year 2018 and \$3,000,000 in fiscal year 2019. The base appropriation for fiscal year 2020 and beyond is zero.

This appropriation includes funds for information technology project services and support subject to the provisions of Minnesota Statutes, section 16E.0466. Any ongoing information technology costs will be incorporated into the service level agreement and will be paid to the Office of MN.IT Services by the commissioner of labor and industry under the rates and mechanism specified in that agreement.

**Subd. 3. Labor Standards and Apprenticeship**

<u>Appropriations by Fund</u>		
<u>General</u>	<u>1,184,000</u>	<u>1,202,000</u>
<u>Workforce Development</u>	<u>1,043,000</u>	<u>1,057,000</u>

(a) \$1,084,000 in fiscal year 2016 and \$1,102,000 in fiscal year 2017 are from the general fund for the labor standards and apprenticeship program.

(b) \$879,000 in fiscal year 2016 and \$879,000 in fiscal year 2017 are from the workforce development fund for the apprenticeship program under Minnesota Statutes, chapter 178. Of this amount, \$100,000 each year is for labor education and advancement program grants and to expand and promote registered apprenticeship training in nonconstruction trade programs.

(c) \$150,000 the first year and \$150,000 the second year are from the workforce development fund for prevailing wage enforcement.

<u>Subd. 4. <b>Workplace Safety</b></u>	<u>4,154,000</u>	<u>4,154,000</u>
---	------------------	------------------

This appropriation is from the workers' compensation fund.

<u>Subd. 5. <b>General Support</b></u>	<u>6,039,000</u>	<u>6,039,000</u>
--	------------------	------------------

This appropriation is from the workers' compensation fund.

<u>Sec. 6. <b>BUREAU OF MEDIATION SERVICES</b></u>	<u>\$</u>	<u>2,208,000</u>	<u>\$</u>	<u>2,234,000</u>
--	-----------	------------------	-----------	------------------

(a) \$68,000 each year is for grants to area labor management committees. Grants may be awarded for a 12-month period beginning July 1 each year. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.

(b) \$125,000 each year is for purposes of the Public Employment Relations Board under Minnesota Statutes, section 179A.041.

(c) \$256,000 each year is for the Office of Collaboration and Dispute Resolution under Minnesota Statutes, section 179.90. Of this amount, \$160,000 each year is for grants under Minnesota Statutes, section 179.91, and \$96,000 each year is for intergovernmental and public policy collaboration and operation of the office.

<u>Sec. 7. <b>WORKERS' COMPENSATION COURT OF APPEALS</b></u>	<u>\$</u>	<u>1,817,000</u>	<u>\$</u>	<u>1,913,000</u>
--	-----------	------------------	-----------	------------------

This appropriation is from the workers' compensation fund.

Sec. 8. DEPARTMENT OF COMMERCE

<b>Subdivision 1. Total Appropriation</b>	<b>\$</b>	<b><u>34,003,000</u></b>	<b>\$</b>	<b><u>34,073,000</u></b>
<u>Appropriations by Fund</u>				
	<u>2016</u>		<u>2017</u>	
General	<u>30,960,000</u>		<u>31,030,000</u>	
Special Revenue	<u>1,240,000</u>		<u>1,240,000</u>	
Petroleum Tank	<u>1,052,000</u>		<u>1,052,000</u>	
Workers' Compensation	<u>751,000</u>		<u>751,000</u>	

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

<b>Subd. 2. Financial Institutions</b>	<u>4,885,000</u>	<u>4,885,000</u>
--	------------------	------------------

<b>Subd. 3. Petroleum Tank Release Compensation Board</b>	<u>1,052,000</u>	<u>1,052,000</u>
---	------------------	------------------

This appropriation is from the petroleum tank fund.

<b>Subd. 4. Administrative Services</b>	<u>7,222,000</u>	<u>7,386,000</u>
---	------------------	------------------

\$375,000 each year is for additional compliance efforts with unclaimed property. The commissioner may issue contracts for these services.

\$100,000 each year is for the support of broadband development.

\$162,000 in fiscal year 2016 and \$33,000 in fiscal year 2017 are from the general fund for rulemaking and administration under Minnesota Statutes, section 80A.461.

\$92,000 in fiscal year 2016 is appropriated from the general fund to the commissioner of commerce and is transferred to the department of administration for the purpose of completing the transfer of functions study as follows:

(a) The commissioner of the Department of Administration shall contract with the Management, Analysis, and Development Division of Minnesota Management and Budget for a study to examine potential cost savings and program efficiencies that may result from transferring certain functions and staff of the division of energy resources

in the Department of Commerce to the Public Utilities Commission. In conducting the study, the Management, Analysis, and Development Division must:

(1) analyze the functions of the various offices of both the division of energy resources and the commission;

(2) assess any duplicative functions of staff and redundant management positions;

(3) assess whether transferring specific functions and staff would result in a clearer and more functional link between authority and responsibility for accomplishing various activities;

(4) consider whether any such transfers would make governmental decisions regarding energy more transparent to the public;

(5) determine which specific positions, including administrative support, could be eliminated as a result of the transfer without appreciably diminishing the quantity or quality of work produced;

(6) calculate the budgetary savings that could be realized as a result of transferring functions and eliminating redundant positions;

(7) estimate any cost savings that would accrue to regulated utilities as a result of transferring functions;

(8) assess the benefits and costs of various options with respect to transferring functions and staff; and

(9) assume that any transfer is subject to the provisions of Minnesota Statutes, section 15.039.

(b) The study must, by January 1, 2016, be submitted to the chairs and ranking minority members of the senate and house committees with jurisdiction over energy policy and state government operations.

**Subd. 5. Telecommunications**

	<u>Appropriations by Fund</u>	
<u>General</u>	<u>1,009,000</u>	<u>1,009,000</u>
<u>Special Revenue</u>	<u>1,240,000</u>	<u>1,240,000</u>

\$1,240,000 each year is from the telecommunication access fund for the following transfers. This appropriation is added to the department's base.

(1) \$800,000 each year is to the commissioner of human services to supplement the ongoing operational expenses of the Commission of Deaf, DeafBlind, and Hard-of-Hearing Minnesotans;

(2) \$290,000 each year is to the chief information officer for the purpose of coordinating technology accessibility and usability;

(3) \$100,000 in fiscal year 2016 and \$100,000 in fiscal year 2017 are to the Legislative Coordinating Commission for captioning of legislative coverage. This transfer is subject to Minnesota Statutes, section 16A.281; and

(4) \$50,000 in fiscal year 2016 and \$50,000 in fiscal year 2017 are to the Office of MN.IT Services for a consolidated access fund to provide grants to other state agencies related to accessibility of their Web-based services.

**Subd. 6. Enforcement**

	<u>Appropriations by Fund</u>	
General	<u>4,901,000</u>	<u>4,901,000</u>
Workers' Compensation	<u>198,000</u>	<u>198,000</u>

\$279,000 each year is for health care enforcement.

**Subd. 7. Energy Resources**

3,848,000

3,845,000

\$150,000 each year is for grants to providers of low-income weatherization services to install renewable energy equipment in households that are eligible for weatherization assistance under Minnesota's weatherization assistance program state plan as provided for in Minnesota Statutes, section 216C.264.

\$424,000 in fiscal year 2016 and \$430,000 in fiscal year 2017 are for costs associated with competitive rates for energy-intensive, trade-exposed electric utility customers. All general fund appropriations for costs associated with competitive rates for energy-intensive, trade-exposed electric utility customers are recovered through assessments under Minnesota Statutes, section 216B.62.

**Subd. 8. Insurance**

	<u>Appropriations by Fund</u>	
<u>General</u>	<u>4,095,000</u>	<u>4,004,000</u>
<u>Workers' Compensation</u>	<u>553,000</u>	<u>553,000</u>

\$642,000 each year is for health insurance rate review staffing.

\$91,000 in fiscal year 2016 is for the task force on no-fault auto insurance issues.

**Subd. 9. Propane Prepurchase**

(a) \$5,000,000 in fiscal year 2016 and \$5,000,000 in fiscal year 2017 are appropriated from the general fund to the commissioner of commerce for the purpose of repurchasing propane under Minnesota Statutes, section 216B.0951. This is a onetime appropriation. Propane may not be distributed to customers before October 1 each year. This appropriation is contingent upon the commissioner's receiving approval from the federal Department of Health and Human Services to reserve funds as required under paragraph (b).

(b) The commissioner shall reserve \$5,000,000 each year from the federal funds transferred to the state for use in the 2015-2016 and 2016-2017 heating seasons under the Low-Income Home Energy Assistance Program and transfer those amounts to the general fund.

**Sec. 9. PUBLIC UTILITIES COMMISSION**                                   \$                   **6,966,000** \$                   **6,930,000**

**Sec. 10. TRANSFER.**

By June 30, 2016, the commissioner of management and budget shall transfer \$5,000,000 from the closed landfill investment fund to the general fund. This transfer is in addition to any other transfers authorized in the 2015 First Special Session.

**ARTICLE 2**

**DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**

Section 1. Minnesota Statutes 2014, section 116J.394, is amended to read:

**116J.394 DEFINITIONS.**

(a) For the purposes of sections 116J.394 to 116J.396, the following terms have the meanings given them.

(b) "Broadband" or "broadband service" has the meaning given in section 116J.39, subdivision 1, paragraph (b).

(c) "Broadband infrastructure" means networks of deployed telecommunications equipment and technologies necessary to provide high-speed Internet access and other advanced telecommunications services for end users.

(d) "Commissioner" means the commissioner of employment and economic development.

(e) "Last-mile infrastructure" means broadband infrastructure that serves as the final leg connecting the broadband service provider's network to the end-use customer's on-premises telecommunications equipment.

(f) "Middle-mile infrastructure" means broadband infrastructure that links a broadband service provider's core network infrastructure to last-mile infrastructure.

(g) "Political subdivision" means any county, city, town, school district, special district or other political subdivision, or public corporation.

(h) "Underserved areas" means areas of Minnesota in which households or businesses lack access to wire-line broadband service at speeds that meet the state broadband goals of ten to 20 megabits per second download and five to ten megabits per second upload.

(i) "Unserved areas" means areas of Minnesota in which households or businesses lack access to wire-line broadband service at speeds that meet a Federal Communications Commission threshold of four megabits per second download and one megabit per second upload, as defined in section 116J.39.

## Sec. 2. [116J.549] WORKFORCE HOUSING DEVELOPMENT PROGRAM.

Subdivision 1. **Establishment.** The commissioner of employment and economic development shall establish a workforce housing development program to award grants to eligible project areas to be used for qualified expenditures.

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Eligible project area" means a home rule charter or statutory city located outside of the metropolitan area as defined in section 473.12, subdivision 2, with a population exceeding 500; a community that has a combined population of 1,500 residents located within 15 miles of a home rule charter or statutory city located outside the metropolitan area as defined in section 473.12, subdivision 2; or an area served by a joint county-city economic development authority.

(c) "Joint county-city economic development authority" means an economic development authority formed under Laws 1988, chapter 516, section 1, as a joint partnership between a city and county and excluding those established by the county only.

(d) "Market rate residential rental properties" means properties that are rented at market value, including new modular homes, new manufactured homes, and new manufactured homes on leased land or in a manufactured home park, and excludes:

(1) properties constructed with financial assistance requiring the property to be occupied by residents that meet income limits under federal or state law of initial occupancy; and

(2) properties constructed with federal, state, or local flood recovery assistance, regardless of whether that assistance imposed income limits as a condition of receiving assistance.

(e) "Qualified expenditure" means expenditures for market rate residential rental properties including acquisition of property; construction of improvements; and provisions of loans or subsidies, grants, interest rate subsidies, public infrastructure, and related financing costs.

**Subd. 3. Application.** The commissioner shall develop forms and procedures for soliciting and reviewing application for grants under this section. At a minimum, a city must include in its application a resolution of its governing body certifying that the matching amount as required under this section is available and committed.

**Subd. 4. Program requirements.** (a) The commissioner must not award a grant to an eligible project area under this section until the following determinations are made:

(1) the average vacancy rate for rental housing located in the eligible project area, and in any other city located within 15 miles or less of the boundaries of the area, has been five percent or less for at least the prior two-year period;

(2) one or more businesses located in the eligible project area, or within 25 miles of the area, that employs a minimum of 20 full-time equivalent employees in aggregate have provided a written statement to the eligible project area indicating that the lack of available rental housing has impeded their ability to recruit and hire employees; and

(3) the eligible project area has certified that the grants will be used for qualified expenditures for the development of rental housing to serve employees of businesses located in the eligible project area or surrounding area.

(b) Preference for grants awarded under this section shall be given to eligible project areas with less than 18,000 people.

**Subd. 5. Allocation.** The amount of a grant may not exceed 25 percent of the rental housing development project cost. The commissioner shall not award a grant to a city without certification by the city that the amount of the grant shall be matched by a local unit of government, business, or nonprofit organization with \$1 for every \$2 provided in grant funds.

**Subd. 6. Report.** Beginning January 15, 2016, the commissioner must annually submit a report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over taxes and workforce development specifying the projects that received grants under this section and the specific purposes for which the grant funds were used.

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

Sec. 3. Minnesota Statutes 2014, section 116J.8738, subdivision 3, is amended to read:

**Subd. 3. Certification of qualified business.** (a) A business may apply to the commissioner for certification as a qualified business under this section. The commissioner shall specify the form of the ap-



plication, the manner and times for applying, and the information required to be included in the application. The commissioner may impose an application fee in an amount sufficient to defray the commissioner's cost of processing certifications. Application fees are deposited in the greater Minnesota business expansion administration account in the special revenue fund. A business must file a copy of its application with the chief clerical officer of the city at the same time it applies to the commissioner. For an agricultural processing facility located outside the boundaries of a city, the business must file a copy of the application with the county auditor.

(b) The commissioner shall certify each business as a qualified business that:

(1) satisfies the requirements of subdivision 2;

(2) the commissioner determines would not expand its operations in greater Minnesota without the tax incentives available under subdivision 4; and

(3) enters a business subsidy agreement with the commissioner that pledges to satisfy the minimum expansion requirements of paragraph (c) within three years or less following execution of the agreement.

The commissioner must act on an application within 90 days after its filing. Failure by the commissioner to take action within the 90-day period is deemed approval of the application.

(c) The business must increase the number of full-time equivalent employees in greater Minnesota from the time the business subsidy agreement is executed by two employees or ten percent, whichever is greater.

(d) The city, or a county for an agricultural processing facility located outside the boundaries of a city, in which the business proposes to expand its operations may file comments supporting or opposing the application with the commissioner. The comments must be filed within 30 days after receipt by the city of the application and may include a notice of any contribution the city or county intends to make to encourage or support the business expansion, such as the use of tax increment financing, property tax abatement, additional city or county services, or other financial assistance.

(e) Certification of a qualified business is effective for the seven-year period beginning on the first day of the calendar month immediately following the date that the commissioner informs the business of the award of the benefit.

**EFFECTIVE DATE.** This section is effective retroactively from August 1, 2014.

Sec. 4. Minnesota Statutes 2014, section 116J.8738, is amended by adding a subdivision to read:

**Subd. 6. Funds.** Amounts in the greater Minnesota business expansion administration account in the special revenue fund are appropriated to the commissioner of employment and economic development for costs associated with processing applications under subdivisions 3, 4, and 5, and for personnel and administrative expenses related to administering the greater Minnesota business expansion program.

**EFFECTIVE DATE.** This section is effective retroactively from August 1, 2014.

Sec. 5. Minnesota Statutes 2014, section 116L.17, subdivision 4, is amended to read:

Subd. 4. **Use of funds.** Funds granted by the board under this section may be used for any combination of the following, except as otherwise provided in this section:

(1) employment transition services such as developing readjustment plans for individuals; outreach and intake; early readjustment; job or career counseling; testing; orientation; assessment of skills and aptitudes; provision of occupational and labor market information; job placement assistance; job search; job development; prelayoff assistance; relocation assistance; programs provided in cooperation with employers or labor organizations to provide early intervention in the event of plant closings or substantial layoffs; and entrepreneurial training and business consulting;

(2) support services, including assistance to help the participant relocate to employ existing skills; out-of-area job search assistance; family care assistance, including child care; commuting assistance; emergency housing and rental assistance; counseling assistance, including personal and financial; health care; emergency health assistance; emergency financial assistance; work-related tools and clothing; and other appropriate support services that enable a person to participate in an employment and training program with the goal of reemployment;

(3) specific, short-term training to help the participant enhance current skills in a similar occupation or industry; entrepreneurial training, customized training, or on-the-job training; basic and remedial education to enhance current skills; and literacy and work-related English training for non-English speakers; ~~and~~

(4) long-term training in a new occupation or industry, including occupational skills training or customized training in an accredited program recognized by one or more relevant industries. Long-term training shall only be provided to dislocated workers whose skills are obsolete and who have no other transferable skills likely to result in employment at a comparable wage rate. Training shall only be provided for occupations or industries with reasonable expectations of job availability based on the service provider's thorough assessment of local labor market information where the individual currently resides or is willing to relocate. This clause shall not restrict training in personal services or other such industries; and

(5) direct training services to provide a measurable increase in the job-related skills of participating incumbent workers, including basic assessment, counseling, and preemployment training services requested by the qualifying employer.

Sec. 6. [116L.40] DEFINITIONS.

Subdivision 1. **Scope.** When used in sections 116L.40 to 116L.42, the following terms have the meanings given them unless the context requires otherwise.

Subd. 2. **Agreement.** "Agreement" means the agreement between an employer and the commissioner for a project.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of employment and economic development.

Subd. 4. **Disability.** "Disability" has the meaning given under United States Code, title 42, chapter 126.

Subd. 5. **Employee.** "Employee" means the individual employed in a new job.

Subd. 6. **Employer.** "Employer" means the individual, corporation, partnership, limited liability company, or association providing new jobs and entering into an agreement.

Subd. 7. **New job.** "New job" means a job:

(1) that is provided by a new or expanding business at a location in Minnesota outside of the metropolitan area, as defined in section 473.121, subdivision 2;

(2) that provides at least 32 hours of work per week for a minimum of nine months per year and is permanent with no planned termination date;

(3) that is certified by the commissioner as qualifying under the program before the first employee is hired to fill the job; and

(4) for which an employee hired was not (i) formerly employed by the employer in the state, or (ii) a replacement worker, including a worker newly hired as a result of a labor dispute.

Subd. 8. **Program.** "Program" means the project or projects established under sections 116L.40 to 116L.42.

Subd. 9. **Program costs.** "Program costs" means all necessary and incidental costs of providing program services, except that program costs are increased by \$1,000 per employee for an individual with a disability. The term does not include the cost of purchasing equipment to be owned or used by the training or educational institution or service.

Subd. 10. **Program services.** "Program services" means training and education specifically directed to new jobs that are determined to be appropriate by the commissioner, including in-house training; services provided by institutions of higher education and federal, state, or local agencies; or private training or educational services. Administrative services and assessment and testing costs are included.

Subd. 11. **Project.** "Project" means a training arrangement that is the subject of an agreement entered into between the commissioner and an employer to provide program services.

## Sec. 7. [116L.41] COMMISSIONER'S DUTIES AND POWERS; AGREEMENTS.

Subdivision 1. **Service provision.** Upon request, the commissioner shall provide or coordinate the provision of program services under sections 116L.40 to 116L.42 to a business eligible for grants under section 116L.42. The commissioner shall specify the form of and required information to be provided with applications for projects to be funded with grants under section 116L.42.

Subd. 2. **Agreements; required terms.** (a) The commissioner may enter into an agreement to establish a project with an employer that:

(1) identifies program costs to be paid from sources under the program;

(2) identifies program costs to be paid by the employer;

(3) provides that on-the-job training costs for employees may not exceed 50 percent of the annual gross wages and salaries of the new jobs in the first full year after execution of the agreement up to a maximum of \$10,000 per eligible employee;

(4) provides that each employee must be paid wages at least equal to the median hourly wage for the county in which the job is located, as reported in the most recently available data from the United States Bureau of the Census, plus benefits, by the earlier of the end of the training period or 18 months of employment under the project; and

(5) provides that job training will be provided and the length of time of training.

(b) Before entering into a final agreement, the commissioner shall:

(1) determine that sufficient funds for the project are available under section 116L.42; and

(2) investigate the applicability of other training programs and determine whether the job skills partnership grant program is a more suitable source of funding for the training and whether the training can be completed in a timely manner that meets the needs of the business.

The investigation under clause (2) must be completed within 15 days or as soon as reasonably possible after the employer has provided the commissioner with all the requested information.

Subd. 3. **Grant funds sufficient.** The commissioner must not enter into an agreement under subdivision 2 unless the commissioner determines that sufficient funds are available.

Subd. 4. **Allocation.** The commissioner shall allocate grant funds under section 116L.42 to project applications based on a first-come, first-served basis, determined on the basis of the commissioner's receipt of a complete application for the project, including the provision of all of the required information. The agreement must specify the amount of grant funds available to the employer for each year covered by the agreement.

Subd. 5. **Application fee.** The commissioner may charge each employer an application fee to cover part or all of the administrative and legal costs incurred, not to exceed \$500 per employer. The fee is deemed approved under section 16A.1283. The fee is deposited in the jobs training account in the special revenue fund and amounts in the account are appropriated to the commissioner for the costs of administering the program. The commissioner shall refund the fee to the employer if the application is denied because program funding is unavailable.

## Sec. 8. [116L.42] JOBS TRAINING GRANTS.

Subdivision 1. **Recovery of program costs.** Amounts paid by employers for program costs are repaid by a job training grant equal to the lesser of the following:

(1) the amount of program costs specified in the agreement for the project; or

(2) the amount of program costs paid by the employer for new employees under a project.

Subd. 2. **Reports.** (a) By February 1, 2018, the commissioner shall report to the governor and the legislature on the program. The report must include at least:

(1) the amount of grants issued under the program;

(2) the number of individuals receiving training under the program, including the number of new hires who are individuals with disabilities;

(3) the number of new hires attributable to the program, including the number of new hires who are individuals with disabilities;

(4) an analysis of the effectiveness of the grant in encouraging employment; and

(5) any other information the commissioner determines appropriate.

(b) The report to the legislature must be distributed as provided in section 3.195.

**Sec. 9. [116L.667] RURAL CAREER COUNSELING COORDINATORS.**

**Subdivision 1. Requirement.** Each workforce service area located outside of the metropolitan area, as defined in section 473.121, subdivision 2, except for a service area that serves a single city outside of the metropolitan area, must have a career counseling coordinator who is responsible for improving coordination and communication of workforce development programs and services within the workforce service area, with other workforce service areas and career counseling coordinators, and with administering agencies. A career counseling coordinator may serve as the coordinator for up to two service areas.

**Subd. 2. Responsibilities.** A career counseling coordinator is responsible for:

(1) understanding the needs of existing, new, and prospective service area businesses in regard to workforce development programs, resources, and other services;

(2) connecting job seekers, secondary and higher education institutions, employers, and other stakeholders and partners;

(3) providing services to job seekers including career counseling, training, and work experience opportunities;

(4) assessing and compiling information about all workforce development programs and services offered in the assigned workforce service area, including adult basic education programs and programs and services at higher education institutions and kindergarten through grade 12 schools;

(5) making recommendations to the commissioner regarding ways to improve career counseling coordination, possible program changes, and new workforce programs or initiatives;

(6) sharing best practices and collaborating with other career counseling coordinators to promote and enable state-level coordination among workforce development programs and administering agencies including, but not limited to, the Departments of Employment and Economic Development, Education, and Labor and Industry, and the Office of Higher Education; and

(7) promoting available workforce development and career counseling programs and resources in the workforce service area.

**Subd. 3. Reporting; consolidation.** The workforce council in each of the workforce service areas having a career counseling coordinator shall submit an annual report to the commissioner that includes, but is not limited to, a narrative of and the number of businesses, job seekers, and other stakeholders served by the career counseling coordinator function, an accounting of workforce development and career counseling programs and services offered in the assigned workforce service area, and any recommendations for changes to workforce development efforts in the workforce service area. Beginning January 15, 2016, and each

year thereafter, the commissioner shall consolidate the reports and submit the consolidated report to the legislative committees with jurisdiction over economic development and workforce policy and finance.

Sec. 10. Minnesota Statutes 2014, section 116L.98, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** The commissioner shall develop and implement a uniform outcome measurement and reporting system for adult workforce-related programs funded in whole or in part by the ~~workforce development fund~~ state funds. For the purpose of this section, "workforce-related programs" means all education and training programs administered by the commissioner and includes programs and services administered by the commissioner and provided to individuals enrolled in adult basic education under section 124D.52 and the Minnesota family investment program under chapter 256J.

Sec. 11. Minnesota Statutes 2014, section 116L.98, subdivision 3, is amended to read:

Subd. 3. **Uniform outcome report card; reporting by commissioner.** (a) By December 31 of each even-numbered year, the commissioner must report to the chairs and ranking minority members of the committees of the house of representatives and the senate having jurisdiction over economic development and workforce policy and finance the following information separately for each of the previous two fiscal or calendar years, for each program subject to the requirements of subdivision 1:

- (1) the total number of participants enrolled;
- (2) the median pre-enrollment wages based on participant wages for the second through the fifth calendar quarters immediately preceding the quarter of enrollment excluding those with zero income;
- (3) the total number of participants with zero income in the second through fifth calendar quarters immediately preceding the quarter of enrollment;
- (4) the total number of participants enrolled in training;
- (5) the total number of participants enrolled in training by occupational group;
- (6) the total number of participants that exited the program and the average enrollment duration of participants that have exited the program during the year;
- (7) the total number of exited participants who completed training;
- (8) the total number of exited participants who attained a credential;
- (9) the total number of participants employed during three consecutive quarters immediately following the quarter of exit, by industry;
- (10) the median wages of participants employed during three consecutive quarters immediately following the quarter of exit;
- (11) the total number of participants employed during eight consecutive quarters immediately following the quarter of exit, by industry; and
- (12) the median wages of participants employed during eight consecutive quarters immediately following the quarter of exit;
- (13) the total cost of the program;

(14) the total cost of the program per participant;

(15) the cost per credential received by a participant; and

(16) the administrative cost of the program.

(b) The report to the legislature must contain participant information by education level, race and ethnicity, gender, and geography, and a comparison of exited participants who completed training and those who did not.

(c) The requirements of this section apply to programs administered directly by the commissioner or administered by other organizations under a grant made by the department.

Sec. 12. Minnesota Statutes 2014, section 116L.98, subdivision 5, is amended to read:

Subd. 5. **Information.** (a) The information collected and reported under subdivisions 3 and 4 shall be made available on the department's Web site.

(b) The commissioner must provide analysis of the data required under subdivision 3.

(c) The analysis under paragraph (b) must also include an executive summary of program outcomes, including but not limited to enrollment, training, credentials, pre- and post-program employment and wages, and a comparison of program outcomes by participant characteristics.

(d) The data required in the comparative analysis under paragraph (c) must be presented in both written and graphic format.

Sec. 13. Minnesota Statutes 2014, section 116L.98, subdivision 7, is amended to read:

Subd. 7. **Workforce program net impact analysis.** (a) By January 15, 2015, the commissioner must report to the committees of the house of representatives and the senate having jurisdiction over economic development and workforce policy and finance on the results of the net impact pilot project already underway as of the date of enactment of this section.

(b) The commissioner shall contract with an independent entity to conduct an ongoing net impact analysis of the programs included in the net impact pilot project under paragraph (a), career pathways programs, and any other programs deemed appropriate by the commissioner. The net impact methodology used by the independent entity under this paragraph must be based on the methodology and evaluation design used in the net impact pilot project under paragraph (a).

(c) By January 15, 2017, and every four years thereafter, the commissioner must report to the committees of the house of representatives and the senate having jurisdiction over economic development and workforce policy and finance the following information for each program subject to paragraph (b):

(1) the net impact of workforce services on individual employment, earnings, and public benefit usage outcomes; and

(2) a cost-benefit analysis for understanding the monetary impacts of workforce services from the participant and taxpayer points of view.

The report under this paragraph must be made available to the public in an electronic format on the Department of Employment and Economic Development's Web site.

(d) The department is authorized to create and maintain data-sharing agreements with other departments, including corrections, human services, and any other department that are necessary to complete the analysis. The department shall supply the information collected for use by the independent entity conducting net impact analysis pursuant to the data practices requirements under chapters 13, 13A, 13B, and 13C.

Sec. 14. Minnesota Statutes 2014, section 268A.01, subdivision 6, is amended to read:

Subd. 6. **Community rehabilitation facility provider.** "Community rehabilitation facility provider" means an entity which meets the definition of community rehabilitation program in the federal Rehabilitation Act of 1973, as amended. However, for the purposes of sections 268A.03, clause (1), 268A.06, 268A.085, and 268A.15, community rehabilitation facility provider means an a nonprofit or public entity which is operated for the primary purpose of providing or facilitating employment for persons with a severe disability that provides at least one extended employment subprogram for persons with the most significant disabilities.

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

Sec. 15. Minnesota Statutes 2014, section 268A.01, subdivision 10, is amended to read:

Subd. 10. **Extended employment program.** "Extended employment program" means ~~the center-based noncompetitive~~ employment and supported employment subprograms.

Sec. 16. Minnesota Statutes 2014, section 268A.01, is amended by adding a subdivision to read:

Subd. 15. **Noncompetitive employment.** "Noncompetitive employment" means paid work:

(1) that is performed on a full-time or part-time basis, including self-employment, for which the person is compensated at a rate that is less than the higher rate specified in the Fair Labor Standards Act of 1938, United States Code, title 29, section 206, subsection (a)(1), or the rate specified in the applicable state or local minimum wage law; and

(2)(i) for which the person is paid less than the customary rate paid by the employer for the same or similar work performed by other nondisabled employees who are similarly situated in similar occupations by the same employer and who have similar training, experience, and skills; or

(ii) which is performed at a location where the employee does not interact with nondisabled persons, not including supervisory personnel or persons who are providing services to the employee, to the same extent that nondisabled persons who are in comparable positions interact with other persons.

Sec. 17. Minnesota Statutes 2014, section 268A.03, is amended to read:

#### **268A.03 POWERS AND DUTIES.**

The commissioner shall:

(1) certify the community rehabilitation facilities providers to offer extended employment programs, grant funds to the extended employment programs, and perform the duties as specified in section 268A.15;

(2) provide vocational rehabilitation services to persons with disabilities in accordance with the federal Rehabilitation Act of 1973, Public Law 93-112, as amended. Persons with a disability are entitled to free choice of vendor for any medical, dental, prosthetic, or orthotic services provided under this paragraph;



(3) expend funds and provide technical assistance for the establishment, improvement, maintenance, or extension of public and other nonprofit rehabilitation facilities or centers;

(4) maintain a contractual or regulatory relationship with the United States as authorized by the Social Security Act, as amended. Under this relationship, the state will undertake to make determinations referred to in those public laws with respect to all individuals in Minnesota, or with respect to a class or classes of individuals in this state that is designated in the agreement at the state's request. It is the purpose of this relationship to permit the citizens of this state to obtain all benefits available under federal law;

(5) provide an in-service training program for rehabilitation services employees by paying for its direct costs with state and federal funds;

(6) conduct research and demonstration projects; provide training and instruction, including establishment and maintenance of research fellowships and traineeships, along with all necessary stipends and allowances; disseminate information to persons with a disability and the general public; and provide technical assistance relating to vocational rehabilitation and independent living;

(7) receive and disburse pursuant to law money and gifts available from governmental and private sources including, but not limited to, the federal Department of Education and the Social Security Administration, for the purpose of vocational rehabilitation or independent living;

(8) design all state plans for vocational rehabilitation or independent living services required as a condition to the receipt and disbursement of any money available from the federal government;

(9) cooperate with other public or private agencies or organizations for the purpose of vocational rehabilitation or independent living. Money received from school districts, governmental subdivisions, mental health centers or boards, and private nonprofit organizations is appropriated to the commissioner for conducting joint or cooperative vocational rehabilitation or independent living programs;

(10) enter into contractual arrangements with instrumentalities of federal, state, or local government and with private individuals, organizations, agencies, or facilities with respect to providing vocational rehabilitation or independent living services;

(11) take other actions required by state and federal legislation relating to vocational rehabilitation, independent living, and disability determination programs;

(12) hire staff and arrange services and facilities necessary to perform the duties and powers specified in this section; and

(13) adopt, amend, suspend, or repeal rules necessary to implement or make specific programs that the commissioner by sections 268A.01 to 268A.15 is empowered to administer.

Sec. 18. Minnesota Statutes 2014, section 268A.06, is amended to read:

**268A.06 COMMUNITY REHABILITATION FACILITIES PROVIDERS.**

Subdivision 1. **Application.** Any city, town, county, nonprofit corporation, ~~regional treatment center,~~ or any combination thereof, may apply to the commissioner for assistance in establishing or operating a ~~community rehabilitation facility~~ an extended employment program. Application for assistance must be on forms prescribed by the commissioner. ~~An applicant is not eligible for a grant under this section unless its audited financial statements of the prior fiscal year have been approved by the commissioner.~~

Subd. 2. **Funding.** In order to provide the necessary funds for extended employment programs offered by a community rehabilitation facility provider, the governing body of any city, town, or county may expend money which may be available for such purposes in the general fund, and may levy a tax on the taxable property in the city, town, or county. Any city, town, county, or nonprofit corporation may accept gifts or grants from any source for the rehabilitation facility extended employment program. Any money appropriated, taxed, or received as a gift or grant may be used to match funds available on a matching basis.

Sec. 19. Minnesota Statutes 2014, section 268A.07, is amended to read:

#### **268A.07 REQUIREMENTS FOR CERTIFICATION.**

Subdivision 1. **Benefits.** A community rehabilitation facility provider must, as a condition for receiving program certification, provide employees in center-based-noncompetitive employment with personnel benefits prescribed in rules adopted by the commissioner of the Department of employment and economic development.

Subd. 2. **Grievance procedure.** A community rehabilitation facility provider must, as a condition for receiving program certification, provide to employees in center-based-noncompetitive employment sub-programs, a grievance procedure which has as its final step provisions for final and binding arbitration.

Sec. 20. Minnesota Statutes 2014, section 268A.085, is amended to read:

#### **268A.085 COMMUNITY REHABILITATION FACILITY PROVIDER GOVERNING BOARDS.**

Subdivision 1. **Appointment; membership.** Every city, town, county, nonprofit corporation, or combination thereof establishing a rehabilitation facility an extended employment program shall appoint a rehabilitation facility governing board of no fewer than seven voting members before becoming eligible for the assistance provided by sections 268A.06 to 268A.15. When any city, town, or county singly establishes such a rehabilitation facility an extended employment program, the governing board shall be appointed by the chief executive officer of the city or the chair of the governing board of the county or town. When any combination of cities, towns, counties, or nonprofit corporations establishes a rehabilitation facility an extended employment program, the chief executive officers of the cities, nonprofit corporations, and the chairs of the governing bodies of the counties or towns shall appoint the board. If a nonprofit corporation singly establishes a rehabilitation facility an extended employment program, the corporation shall appoint the board of directors. Membership on a board shall be representative of the community served and shall include a person with a disability. If a county establishes an extended employment program and manages the program with county employees, the governing board shall be the county board of commissioners, and other provisions of this chapter pertaining to membership on the governing board do not apply.

Subd. 2. **Duties.** Subject to the provisions of sections 268A.06 to 268A.15 and the rules of the department, each rehabilitation facility governing board shall:

(1) review and evaluate the need for extended employment programs offered by the rehabilitation facility provided under sections 268A.06 to 268A.15;

(2) recruit and promote local financial support for extended employment programs from private sources including: the United Way; business, industrial, and private foundations; voluntary agencies; and other lawful sources, and promote public support for municipal and county appropriations;

(3) promote, arrange, and implement working agreements with other educational and social service agencies, both public and private, and any other allied agencies; and

(4) when an extended employment program offered by the rehabilitation facility is certified, act as the its administrator of the rehabilitation facility and its programs for purposes of this chapter.

Sec. 21. Laws 2014, chapter 308, article 6, section 14, subdivision 5, is amended to read:

Subd. 5. **Allocation.** The amount of a grant may not exceed the lesser of ~~\$400,000~~ \$1,000,000 or ~~ten~~ 25 percent of the rental housing development project cost. The commissioner shall not award a grant to a city without certification by the city that the amount of the grant shall be matched by a local unit of government, business, or nonprofit organization with \$1 for every \$2 provided in grant funds.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies retroactively to grants that have been previously received or awarded.

Sec. 22. **MECHANISMS AND COSTS; MINNESOTA PAID FAMILY AND MEDICAL LEAVE PROGRAM.**

The Department of Employment and Economic Development, in collaboration with the Departments of Labor and Industry and Health and Human Services, shall report on the most efficient and effective mechanisms that would provide partial wage replacement for workers taking parental, family, or medical leave.

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

Sec. 23. **SKILLED MANUFACTURING REPORT.**

The commissioner shall coordinate and monitor customized training programs for skilled manufacturing industries at participating MnSCU institutions. By January 15, 2017, the commissioner, in conjunction with each participating MnSCU institution, shall report to the standing committees of the house of representatives and the senate having jurisdiction over employment and workforce development. The report must address the progress and success of the implementation of a customized training program for skilled manufacturing industries at each participating MnSCU institution. The report must give recommendations on where a skilled manufacturing customized training program should next be implemented, taking into consideration all current and potential skilled manufacturing training providers available.

Sec. 24. **CUSTOMIZED TRAINING FOR SKILLED MANUFACTURING INDUSTRIES.**

Subdivision 1. **Program.** The commissioner of employment and economic development, in consultation with the commissioner of labor and industry, shall collaborate with Minnesota State Colleges and Universities (MnSCU) institutions and employers to develop and administer a customized training program for skilled manufacturing industries that integrates academic instruction and job-related learning in the workplace and MnSCU institutions. The commissioner shall actively recruit participants in a customized training program for skilled manufacturing industries from the following groups: secondary and post-secondary school systems, individuals with disabilities, dislocated workers, retired and disabled veterans, individuals enrolled in MFIP under Minnesota Statutes, chapter 256J, minorities, previously incarcerated individuals, individuals residing in labor surplus areas as defined by the United States Department of Labor, and any other disadvantaged group as determined by the commissioner.

Subd. 2. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Commissioner" means the commissioner of employment and economic development.

(c) "Employer" means an employer in Minnesota in the skilled manufacturing industry who employs no more than 50 employees and who enters into the agreements with MnSCU institutions and the commissioner under subdivisions 3 to 5.

(d) "MnSCU institution" means an institution designated by the commissioner unless otherwise specified by the legislature.

(e) "Participant" means an employee who enters into a customized training program for skilled manufacturing industries participation agreement under subdivision 4.

(f) "Related instruction" means classroom instruction or technical or vocational training required to perform the duties of the skilled manufacturing job.

(g) "Skilled manufacturing" means occupations in manufacturing industry sectors 31 to 33 as defined by the North American Industry Classification System (NAICS).

Subd. 3. **Skilled manufacturing customized training program employer agreement.** (a) The commissioner, employer, and MnSCU institution shall enter into a skilled manufacturing customized training program employer agreement that is specific to the identified skilled manufacturing training needs of an employer.

(b) The agreement must contain the following:

(1) the name of the employer;

(2) a statement showing the number of hours to be spent by a participant in work and the number of hours to be spent, if any, in concurrent, supplementary instruction in related subjects. The maximum number of hours of work per week, not including time spent in related instruction, for any participant shall not exceed either the number prescribed by law or the customary regular number of hours per week for the employees of the employer. A participant may be allowed to work overtime provided that the overtime work does not conflict with supplementary instruction course attendance. All time spent by the participant in excess of the number of hours of work per week as specified in the skilled manufacturing customized training program participation agreement shall be considered overtime;

(3) the hourly wage to be paid to the participant and requirements for reporting to the commissioner on actual wages paid to the participant;

(4) an explanation of how the employer agreement or participant agreement may be terminated;

(5) a statement setting forth a schedule of the processes of the occupation in which the participant is to be trained and the approximate time to be spent at each process;

(6) a statement by the MnSCU institution and the employer describing the related instruction that will be offered, if any, under subdivision 5, paragraph (c); and

(7) any other provision the commissioner deems necessary to carry out the purposes of this section.

(c) The commissioner may periodically review the adherence to the terms of the customized training program employer agreement. If the commissioner determines that an employer or employee has failed to comply with the terms of the agreement, the commissioner shall terminate the agreement. An employer must report to the commissioner any change in status for the participant within 30 days of the change in status.

Subd. 4. **Skilled manufacturing customized training program participation agreement.** (a) The commissioner, the prospective participant, and the employer shall enter into a skilled manufacturing customized training program participation agreement that is specific to the training to be provided to the participant.

(b) The participation agreement must contain the following:

(1) the name of the employer;

(2) the name of the participant;

(3) a statement setting forth a schedule of the processes of the occupation in which the participant is to be trained and the approximate time to be spent at each process;

(4) a description of any related instruction;

(5) a statement showing the number of hours to be spent by a participant in work and the number of hours to be spent, if any, in concurrent, supplementary instruction in related subjects. The maximum number of hours of work per week, not including time spent in related instruction, for any participant shall not exceed either the number prescribed by law or the customary regular number of hours per week for the employees of the employer. A participant may be allowed to work overtime provided that the overtime work does not conflict with supplementary instruction course attendance. All time spent by the participant in excess of the number of hours of work per week as specified in the customized training program participation agreement shall be considered overtime;

(6) the hourly wage to be paid to the participant; and

(7) an explanation of how the parties may terminate the participation agreement.

(c) The commissioner may periodically review the adherence to the terms of the customized training program participation agreement. If the commissioner determines that an employer or participant has failed to comply with the terms of the agreement, the commissioner shall terminate the agreement. An employer must report to the commissioner any change in status for the participant within 30 days of the change in status.

Subd. 5. **MnSCU instruction.** (a) The MnSCU institution shall collaborate with an employer to provide related instruction that the employer deems necessary to instruct participants of a skilled manufacturing customized training program. The related instruction provided must be, for the purposes of this section, career-level, as negotiated by the commissioner and the MnSCU institution. The related instruction may be for credit or noncredit, and credit earned may be transferable to a degree program, as determined by the MnSCU institution. The MnSCU institution shall provide a summary of the related instruction to the commissioner prior to disbursement of any funds.

(b) The commissioner, in conjunction with the MnSCU institution, shall issue a certificate of completion to a participant who completes all required components of the skilled manufacturing customized training program participation agreement.

(c) As part of the skilled manufacturing customized training program, an employer shall collaborate with the MnSCU institution for any related instruction required to perform the skilled manufacturing job. The agreement shall include:

- (1) a detailed explanation of the related instruction; and
- (2) the number of hours of related instruction needed to receive a certificate of completion.

(d) The commissioner shall follow the requirements of Minnesota Statutes, section 116L.98, regardless of the funding source. The MnSCU institution shall provide the commissioner with the data needed for the commissioner to fulfill the requirements of Minnesota Statutes, section 116L.98.

### ARTICLE 3

#### DEPARTMENT OF COMMERCE

Section 1. Minnesota Statutes 2014, section 12A.15, subdivision 1, is amended to read:

Subdivision 1. **State cost-share for federal assistance.** State appropriations may be used to pay 100 percent of the nonfederal share for state agencies and, local governments, and utility cooperatives under section 12.221. An appropriation from the bond proceeds fund may be used as cost-share for federal disaster assistance for publicly owned capital improvement projects.

Sec. 2. Minnesota Statutes 2014, section 45.0135, is amended by adding a subdivision to read:

**Subd. 9. Administrative penalty for insurance fraud.** (a) The commissioner may:

(1) impose an administrative penalty against any person in an amount as set forth in paragraph (b) for each intentional act of insurance fraud committed by that person; and

(2) order restitution to any person suffering loss as a result of the insurance fraud.

(b) The administrative penalty for each violation described in paragraph (a) may be no more than:

(1) \$20,000 if the funds or the value of the property or services wrongfully obtained exceeds \$5,000;

(2) \$10,000 if the funds or value of the property or services wrongfully obtained exceeds \$1,000, but not more than \$5,000;

(3) \$3,000 if the funds or value of the property or services wrongfully obtained is more than \$500, but not more than \$1,000; and

(4) \$1,000 if the funds or value of the property or services wrongfully obtained is \$500 or less.

(c) If an administrative penalty is not paid after all rights of appeal have been waived or exhausted, the commissioner may bring a civil action in a court of competent jurisdiction to collect the administrative penalty, including expenses and litigation costs, reasonable attorney fees, and interest.

(d) This section does not affect a person's right to seek recovery, including expenses and litigation costs, reasonable attorney fees, and interest, against any person that commits insurance fraud.

(e) For purposes of this subdivision, "insurance fraud" has the meaning given in section 60A.951, subdivision 4.

(f) Hearings under this subdivision must be conducted in accordance with chapter 14 and any other applicable law.

(g) All revenues from penalties, expenses, costs, fees, and interest collected under paragraphs (a) to (c) shall be deposited in the insurance fraud prevention account under section 45.0135, subdivision 6.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies with respect to acts committed on or after that date.

**Sec. 3. [59D.01] APPLICATION.**

(a) This chapter does not apply to:

(1) a policy of insurance offered in compliance with chapters 60A to 79A;

(2) a debt cancellation or debt suspension contract, including a guaranteed asset protection waiver, being offered by a banking institution or credit union in compliance with chapter 48 or 52; and

(3) a debt cancellation or debt suspension contract being offered in compliance with Code of Federal Regulations, title 12, parts 37, 721, or other federal law.

(b) Guaranteed asset protection waivers regulated under this chapter are not insurance and are not subject to chapters 60A to 79A. Persons selling, soliciting, or negotiating guaranteed asset protection waivers to borrowers in compliance with this chapter are exempt from chapter 60K.

(c) The commissioner of commerce has the full investigatory authority of chapter 45 to enforce the terms of this chapter.

**Sec. 4. [59D.02] DEFINITIONS.**

Subdivision 1. **Terms.** For purposes of this chapter, the terms defined in subdivisions 2 to 10 have the meanings given them.

Subd. 2. **Administrator.** "Administrator" means a person, other than an insurer or creditor who performs administrative or operational functions pursuant to guaranteed asset protection waiver programs.

Subd. 3. **Borrower.** "Borrower" means a debtor, retail buyer, or lessee under a finance agreement.

Subd. 4. **Creditor.** "Creditor" means:

(1) the lender in a loan or credit transaction;

(2) the lessor in a lease transaction;

(3) a dealer or seller of motor vehicles that provides credit to purchasers of the motor vehicles provided that the entities comply with this section;

(4) the seller in commercial retail installment transactions; or

(5) the assignees of any of the forgoing to whom the credit obligation is payable.

Subd. 5. **Finance agreement.** "Finance agreement" means a loan, lease, or retail installment sales contract for the purchase or lease of a motor vehicle.

Subd. 6. **Free look period.** "Free look period" means the period of time from the effective date of the GAP waiver until the date the borrower may cancel the contract without penalty, fees, or costs to the borrower. This period of time must not be shorter than 30 days.

Subd. 7. **Guaranteed asset protection waiver.** "Guaranteed asset protection waiver" or "GAP waiver" means a contractual agreement wherein a creditor agrees for a separate charge to cancel or waive all or part of amounts due on a borrower's finance agreement in the event of a total physical damage loss or unrecovered theft of the motor vehicle.

Subd. 8. **Insurer.** "Insurer" means an insurance company licensed, registered, or otherwise authorized to do business under Minnesota law.

Subd. 9. **Motor vehicle.** "Motor vehicle" means self-propelled or towed vehicles designed for personal or commercial use, including, but not limited to, automobiles; trucks; motorcycles; recreational vehicles; all-terrain vehicles; snowmobiles; campers; boats; personal watercraft; and motorcycle, boat, camper, and personal watercraft trailers. A creditor is prohibited from selling a GAP waiver in conjunction with the sale or lease of any used motor vehicle that is an automobile or truck that is valued at less than \$5,000.

Subd. 10. **Person.** "Person" includes an individual, company, association, organization, partnership, business trust, corporation, and every form of legal entity.

#### Sec. 5. **[59D.03] COMMERCIAL TRANSACTIONS EXEMPTED.**

Sections 59D.04, subdivision 3, and 59D.06 do not apply to a guaranteed asset protection waiver offered in connection with a lease or retail installment sale associated with any transaction not for personal, family, or household purposes.

#### Sec. 6. **[59D.04] GUARANTEED ASSET PROTECTION WAIVER REQUIREMENTS.**

Subdivision 1. **Authorization.** GAP waivers may be offered, sold, or provided to borrowers in Minnesota in compliance with this chapter.

Subd. 2. **Payment options.** GAP waivers may, at the option of the creditor, be sold for a single payment or may be offered with a monthly or periodic payment option.

Subd. 3. **Certain costs not considered finance charge or interest.** Notwithstanding any other provision of law, any cost to the borrower for a guaranteed asset protection waiver entered into in compliance with United States Code, title 15, sections 1601 to 1667F, and its implementing regulations under Code of Federal Regulations, title 12, part 226, as they may be amended from time to time, must be separately stated and is not to be considered a finance charge or interest.

Subd. 4. **Insurance.** A retail seller must insure its GAP waiver obligations under a contractual liability or other insurance policy issued by an insurer. A creditor, other than a retail seller, may insure its GAP waiver obligations under a contractual liability policy or other such policy issued by an insurer. The insurance policy may be directly obtained by a creditor or retail seller, or may be procured by an administrator to cover a creditor's or retail seller's obligations. Retail sellers that are lessors on motor vehicles are not required to insure obligations related to GAP waivers on leased vehicles.



Subd. 5. **Financing agreement.** The GAP waiver must be part of, or a separate addendum to, the finance agreement and must remain a part of the finance agreement upon the assignment, sale, or transfer of the finance agreement by the creditor.

Subd. 6. **Purchase restriction.** The extension of credit, the terms of the credit, or the terms and conditions of the related motor vehicle sale or lease must not be conditioned upon the purchase of a GAP waiver.

Subd. 7. **Reporting.** A creditor that offers a GAP waiver must report the sale of, and forward funds received on, all such waivers to the designated party, if any, as prescribed in any applicable administrative services agreement, contractual liability policy, other insurance policy, or other specified program documents.

Subd. 8. **Fiduciary responsibilities.** Funds received or held by a creditor or administrator and belonging to an insurer, creditor, or administrator, pursuant to the terms of a written agreement, must be held by the creditor or administrator in a fiduciary capacity.

Subd. 9. **Defined terms.** The terms defined in section 59D.02 are not intended to provide actual terms that are required in guaranteed asset protection waivers.

#### Sec. 7. **[59D.05] CONTRACTUAL LIABILITY OR OTHER INSURANCE POLICIES.**

Subdivision 1. **Reimbursement or payment statement.** Contractual liability or other insurance policies insuring GAP waivers must state the obligation of the insurer to reimburse or pay to the creditor any sums the creditor is legally obligated to waive under the GAP waivers issued by the creditor and purchased or held by the borrower.

Subd. 2. **Coverage of assignee.** Coverage under a contractual liability or other insurance policy insuring a GAP waiver must also cover a subsequent assignee upon the assignment, sale, or transfer of the finance agreement.

Subd. 3. **Term.** Coverage under a contractual liability or other insurance policy insuring a GAP waiver must remain in effect unless canceled or terminated in compliance with applicable laws.

Subd. 4. **Effect of cancellation or termination.** The cancellation or termination of a contractual liability or other insurance policy must not reduce the insurer's responsibility for GAP waivers issued by the creditor before the date of cancellation or termination and for which a premium has been received by the insurer.

#### Sec. 8. **[59D.06] DISCLOSURES.**

(a) Guaranteed asset protection waivers must disclose, as applicable, in writing and in clear, understandable language that is easy to read, the following:

(1) the name and address of the initial creditor and the borrower at the time of sale, and the identity of any administrator if different from the creditor;

(2) the purchase price and the terms of the GAP waiver, including without limitation, the requirements for protection, conditions, or exclusions associated with the GAP waiver;

(3) that the borrower may cancel the GAP waiver within a free look period as specified in the waiver, and will be entitled to a full refund of the purchase price, so long as no benefits have been provided;

(4) the procedure the borrower must follow, if any, to obtain GAP waiver benefits under the terms and conditions of the waiver, including a telephone number and address where the borrower may apply for waiver benefits;

(5) whether or not the GAP waiver is cancelable after the free look period and the conditions under which it may be canceled or terminated including the procedures for requesting a refund due;

(6) that in order to receive a refund due in the event of a borrower's cancellation of the GAP waiver agreement or early termination of the finance agreement after the free look period of the GAP waiver, the borrower, in accordance with the terms of the waiver, must provide a written cancellation request to the creditor, administrator, or other party. If such a request is being made because of the termination of the finance agreement, notice must be provided to the creditor, administrator, or other party within 90 days of the occurrence of the event terminating the finance agreement;

(7) the methodology for calculating a refund of the unearned purchase price of the GAP waiver due in the event of cancellation of the GAP waiver or early termination of the finance agreement; and

(8) that the extension of credit, the terms of the credit, or the terms and conditions of the related motor vehicle sale or lease are not conditioned upon the purchase of the GAP waiver.

(b) The creditor or any person offering a GAP waiver must provide the following verbatim disclosure in bold, 14-point type, either in a separate writing or as part of the agreement: "THE GAP WAIVER IS OPTIONAL. YOU DO NOT HAVE TO PURCHASE THIS PRODUCT IN ORDER TO BUY [OR LEASE] THIS MOTOR VEHICLE. YOU ALSO HAVE A LIMITED RIGHT TO CANCEL."

#### Sec. 9. **[59D.07] CANCELLATION; REFUNDS.**

Subdivision 1. **Refund requirements during free look period.** A GAP waiver must provide that, if a borrower cancels a waiver within the free look period, the borrower will be entitled to a full refund of the purchase price, so long as no benefits have been provided.

Subd. 2. **Refund requirements after free-look period.** (a) Guaranteed asset protection waivers may be cancelable or noncancelable after the free-look period.

(b) In the event of a borrower's cancellation of the GAP waiver or early termination of the finance agreement, after the agreement has been in effect beyond the free-look period, the borrower may be entitled to a refund of any unearned portion of the purchase price of the waiver unless the waiver provides otherwise. In order to receive a refund, the borrower, in accordance with any applicable terms of the waiver, must provide a written request to the creditor, administrator, or other party. If such a request is being made because of the termination of the finance agreement, notice must be provided to the creditor, administrator, or other party within 90 days of the occurrence of the event terminating the finance agreement.

(c) If the cancellation of a GAP waiver occurs as a result of a default under the finance agreement or the repossession of the motor vehicle associated with the finance agreement, or any other termination of the finance agreement, any refund due may be paid directly to the creditor or administrator and applied as set forth in subdivision 3.

Subd. 3. **How applied.** A refund under subdivision 1 or 2 may be applied by the creditor as a reduction of the amount owed under the finance agreement, unless the borrower can show that the finance agreement has been paid in full.

Sec. 10. Minnesota Statutes 2014, section 60D.215, subdivision 2, is amended to read:

Subd. 2. **Expenses.** Each registered insurer subject to this section is liable for and shall pay the reasonable expenses of the commissioner's participation in a supervisory college in accordance with subdivision 3, including reasonable travel expenses. For purposes of this section, a supervisory college may be convened as either a temporary or permanent forum for communication and cooperation between the regulators charged with the supervision of the insurer or its affiliates, and the commissioner may establish a regular assessment to the insurer for the payment of these expenses. A registered insurer's liability for expenses under this subdivision is limited to the actual, incurred costs of the commissioner's participation in their supervisory college.

Sec. 11. Minnesota Statutes 2014, section 65B.44, is amended by adding a subdivision to read:

Subd. 2a. **Person convicted of insurance fraud.** (a) A person convicted of insurance fraud under section 609.611 in a case related to this chapter or of employment of runners under section 609.612 may not enforce a contract for payment of services eligible for reimbursement under subdivision 2, against an insured or reparation obligor.

(b) After a period of five years from the date of conviction, a person described in paragraph (a) may apply to district court to extinguish the collateral sanction set forth in paragraph (a), which the court may grant in its reasonable discretion.

**EFFECTIVE DATE.** This section is effective the day following final enactment, and applies with respect to acts committed on or after that date.

Sec. 12. **[80A.461] MNVEST REGISTRATION EXEMPTION.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the terms defined in paragraphs (b) through (e) have the meanings given them.

(b) "MNvest issuer" means an entity organized under the laws of Minnesota, other than a general partnership, that satisfies the requirements of Code of Federal Regulations, title 17, part 230.147, and the following requirements:

(1) the principal office of the entity is located in Minnesota;

(2) as of the last day of the most recent semiannual fiscal period of the entity, at least 80 percent, or other threshold permitted by Code of Federal Regulations, title 17, part 230.147, of the entity's assets were located in Minnesota;

(3) except in the case of an entity whose gross revenue during the most recent period of 12 full months did not exceed \$5,000, the entity derived at least 80 percent, or other threshold permitted by Code of Federal Regulations, title 17, part 230.147, of the entity's gross revenues from the operation of a business in Minnesota during (i) the previous fiscal year, if the MNvest offering begins during the first six months of the entity's fiscal year; or (ii) during the 12 months ending on the last day of the sixth month of the entity's current fiscal year, if the MNvest offering begins following the last day;

(4) the entity does not attempt to limit its liability, or the liability of any other person, for fraud or intentional misrepresentation in connection with the offering of its securities in a MNvest offering; and

(5) the entity is not:

(i) engaged in the business of investing, reinvesting, owning, holding, or trading in securities, except that the entity may hold securities of one class in an entity that is not itself engaged in the business of investing, reinvesting, owning, holding, or trading in securities; or

(ii) subject to the reporting requirements of the Securities and Exchange Act of 1934, section 13 or 15(d), United States Code, title 15, sections 78m and 78o(d).

(c) "MNvest offering" means an offer, or an offer and sale, of securities by a MNvest issuer that: (1) is conducted exclusively through a MNvest portal, and (2) satisfies the requirements of this section and other requirements the administrator imposes by rule.

(d) "MNvest portal" means an Internet Web site that is operated by a portal operator for the offer or sale of MNvest offerings under this section or registered securities under section 80A.50, paragraph (b), and satisfies the requirements of subdivision 6.

(e) "Portal operator" means an entity, including an issuer, that:

(1) is authorized to do business in Minnesota;

(2) is a broker-dealer registered under this chapter or otherwise registers with the administrator as a portal operator in accordance with subdivision 7, paragraph (a), and is therefore excluded from broker-dealer registration; and

(3) satisfies such other conditions as the administrator may determine.

Subd. 2. **Generally.** The offer, sale, and issuance of securities in a MNvest offering is exempt from the requirements of sections 80A.49 to 80A.54, except 80A.50, paragraph (a), clause (3), and 80A.71, if the issuer meets the qualifications under this section.

Subd. 3. **MNvest offering.** A MNvest offering must satisfy the following requirements:

(1) the issuer must be a MNvest issuer on the date that its securities are first offered for sale in the offering and continuously through the closing of the offering;

(2) the offering must meet the requirements of the federal exemption for intrastate offerings in section 3(a)(11) of the Securities Act of 1933, United States Code, title 15, section 77c(a)(11), and Rule 147 adopted under the Securities Act of 1933, Code of Federal Regulations, title 17, part 230.147;

(3) the sale of securities must be conducted exclusively through a MNvest portal;

(4) the MNvest issuer shall require the portal operator to provide or make available to prospective purchasers through the MNvest portal a copy of the MNvest issuer's balance sheet and income statement for the MNvest issuer's most recent fiscal year, if the issuer was in existence. For offerings beginning more than 90 days after the issuer's most recent fiscal year end, or if the MNvest issuer was not in existence the previous calendar year, the MNvest issuer must provide or make available a balance sheet as of a date not more than 90 days before the commencement of the MNvest offering for the MNvest issuer's most recently completed fiscal year, or such shorter portion the MNvest issuer was in existence during that period, and the year-to-date period, or inception-to-date period, if shorter, corresponding with the more recent balance sheet required by this clause;

(5) in any 12-month period, the MNvest issuer shall not raise more than the aggregate amounts set forth in item (i) or (ii), either in cash or other consideration, in connection with one or more MNvest offerings:

(i) \$2,000,000 if the financial statements described in clause (4) have been (A) audited by a certified public accountant firm licensed under chapter 326A using auditing standards issued by either the American Institute of Certified Public Accountants or the Public Company Oversight Board, or (B) reviewed by a certified public accountant firm licensed under chapter 326A using the Statements on Standards for Accounting and Review Services issued by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants; or

(ii) \$1,000,000 if the financial statements described in clause (4) have not been audited or reviewed as described in item (i);

(6) the MNvest issuer must use at least 80 percent of the net proceeds of the offering in connection with the operation of its business within Minnesota;

(7) no single purchaser may purchase more than \$10,000 in securities of the MNvest issuer under this exemption in connection with a single MNvest offering unless the purchaser is an accredited investor;

(8) all payments for the purchase of securities must be held in escrow until the aggregate capital deposited into escrow from all purchasers is equal to or greater than the stated minimum offering amount. Purchasers will receive a return of all their subscription funds if the minimum offering amount is not raised by the stipulated expiration date required in subdivision 4, clause (2). The escrow agent must be a bank, regulated trust company, savings bank, savings association, or credit union authorized to do business in Minnesota. Prior to the execution of the escrow agreement between the issuer and the escrow agent, the escrow agent must conduct searches of the issuer, its executive officers, directors, governors, and managers, as provided to the escrow agent by the portal operator, against the Specially Designated Nationals list maintained by the Office of Foreign Assets Control. The escrow agent is only responsible to act at the direction of the party establishing the escrow account and does not have a duty or liability, contractual or otherwise, to an investor or other person except as set forth in the applicable escrow agreement or other contract;

(9) the MNvest issuer shall require the portal operator to make available to the prospective purchaser through the MNvest portal a disclosure document that meets the requirements set forth in subdivision 4;

(10) before selling securities to a prospective purchaser on a MNvest portal, the MNvest issuer shall require the portal operator to obtain from the prospective purchaser the certification required under subdivision 5;

(11) not less than ten days before the beginning of an offering of securities in reliance on the exemption under this section, the MNvest issuer shall provide the following to the administrator:

(i) a notice of claim of exemption from registration, specifying that the MNvest issuer will be conducting an offering in reliance on the exemption under this section;

(ii) a copy of the disclosure document to be provided to prospective purchasers in connection with the offering, as described in subdivision 4; and

(iii) a filing fee of \$300; and

(12) the MNvest issuer and the portal operator may engage in solicitation and advertising of the MNvest offering provided that:

(i) the advertisement contains disclaiming language which clearly states:

(A) the advertisement is not the offer and is for informational purposes only;

(B) the offering is being made in reliance on the exemption under this section;

(C) the offering is directed only to residents of the state;

(D) all offers and sales are made through a MNvest portal; and

(E) the Department of Commerce is the securities regulator in Minnesota;

(ii) along with the disclosures required under item (i), the advertisement may contain no more than the following information:

(A) the name and contact information of the MNvest issuer;

(B) a brief description of the general type of business of the MNvest issuer;

(C) the minimum offering amount the MNvest issuer is attempting to raise through its offering;

(D) a description of how the issuer will use the funds raised through the MNvest offering;

(E) the duration that the MNvest offering will remain open;

(F) the MNvest issuer's logo; and

(G) a link to the MNvest issuer's Web site and the MNvest portal in which the MNvest offering is being made;

(iii) the advertisement complies with all applicable state and federal laws.

**Subd. 4. Required disclosures to prospective MNvest offering purchasers.** The MNvest issuer shall require the portal operator to make available to the prospective purchaser through the MNvest portal a printable or downloadable disclosure document containing the following:

(1) the MNvest issuer's type of entity, the address and telephone number of its principal office, its formation history for the previous five years, a summary of the material facts of its business plan and its capital structure, and its intended use of the offering proceeds, including any amounts to be paid from the proceeds of the MNvest offering, as compensation or otherwise, to an owner, executive officer, director, governor, manager, member, or other person occupying a similar status or performing similar functions on behalf of the MNvest issuer;

(2) the MNvest offering must stipulate the date on which the offering will expire, which must not be longer than 12 months from the date the MNvest offering commenced;

(3) a copy of the escrow agreement between the escrow agent, the MNvest issuer, and, if applicable, the portal operator, as described in subdivision 3, clause (8);

(4) the financial statements required under subdivision 3, clause (4);

(5) the identity of all persons owning more than ten percent of any class of equity interests in the company;

(6) the identity of the executive officers, directors, governors, managers, members, and other persons occupying a similar status or performing similar functions in the name of and on the behalf of the MNvest issuer, including their titles and their relevant experience;

(7) the terms and conditions of the securities being offered, a description of investor exit strategies, and of any outstanding securities of the MNvest issuer; the minimum and maximum amount of securities being offered; either the percentage economic ownership of the MNvest issuer represented by the offered securities, assuming the minimum and, if applicable, maximum number of securities being offered is sold, or the valuation of the MNvest issuer implied by the price of the offered securities; the price per share, unit, or interest of the securities being offered; any restrictions on transfer of the securities being offered; and a disclosure that any future issuance of securities might dilute the value of securities being offered;

(8) the identity of and consideration payable to a person who has been or will be retained by the MNvest issuer to assist the MNvest issuer in conducting the offering and sale of the securities, including a portal operator, but excluding (i) persons acting primarily as accountants or attorneys, and (ii) employees whose primary job responsibilities involve operating the business of the MNvest issuer rather than assisting the MNvest issuer in raising capital;

(9) a description of any pending material litigation, legal proceedings, or regulatory action involving the MNvest issuer or any executive officers, directors, governors, managers, members, and other persons occupying a similar status or performing similar functions in the name of and on behalf of the MNvest issuer;

(10) a statement of the material risks unique to the MNvest issuer and its business plans;

(11) a statement that the securities have not been registered under federal or state securities law and that the securities are subject to limitations on resale; and

(12) the following legend must be displayed conspicuously in the disclosure document:

"IN MAKING AN INVESTMENT DECISION, PURCHASERS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR DIVISION OR OTHER REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED BY SUBSECTION (e) OF SEC RULE 147 (CODE OF FEDERAL REGULATIONS, TITLE 17, PART 230.147 (e)) AS PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. PURCHASERS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME."

Subd. 5. **Required certification from MNvest offering purchasers.** Before selling securities to a prospective purchaser through a MNvest portal, the MNvest issuer shall require the portal operator to obtain from the prospective purchaser through the applicable MNvest portal a written or electronic certification that includes, at a minimum, the following statements:

"I UNDERSTAND AND ACKNOWLEDGE THAT:

If I make an investment in an offering through this MNvest portal, it is very likely that I am investing in a high-risk, speculative business venture that could result in the complete loss of my investment, and I need to be able to afford such a loss.

This offering has not been reviewed or approved by any state or federal securities commission or division or other regulatory authority and that no such person or authority has confirmed the accuracy or determined the adequacy of any disclosure made to me relating to this offering.

If I make an investment in an offering through this MNvest portal, it is very likely that the investment will be difficult to transfer or sell and, accordingly, I may be required to hold the investment indefinitely.

By entering into this transaction with the company, I am affirmatively representing myself as being a Minnesota resident at the time that this contract is formed, and if this representation is subsequently shown to be false, the contract is void."

Subd. 6. **MNvest portal.** A MNvest portal must satisfy the requirements of clauses (1) through (4):

(1) the Web site does not contain the word "MNvest" in its URL address;

(2) the Web site implements steps to limit Web site access to the offer or sale of securities to only Minnesota residents when conducting MNvest offerings; and

(3) MNvest offerings may not be viewed on the MNvest portal by a prospective purchaser until:

(i) the portal operator verifies, through its exercise of reasonable steps, such as using a third-party verification service or as otherwise approved by the administrator, that the prospective purchaser is a Minnesota resident; and

(ii) the prospective purchaser makes an affirmative acknowledgment, electronically through the MNvest portal, that:

(A) I am a Minnesota resident;

(B) the securities and investment opportunities listed on this Web site involve high-risk, speculative business ventures. If I choose to invest in any securities or investment opportunity listed on this Web site, I may lose all of my investment, and I can afford such a loss;

(C) the securities and investment opportunities listed on this Web site have not been reviewed or approved by any state or federal securities commission or division or other regulatory authority, and no such person or authority, including this Web site, has confirmed the accuracy or determined the adequacy of any disclosure made to prospective investors relating to any offering; and

(D) if I choose to invest in any securities or investment opportunity listed on this Web site, I understand that the securities I will acquire may be difficult to transfer or sell, that there is no ready market for the sale



of such securities, that it may be difficult or impossible for me to sell or otherwise dispose of this investment at any price, and that, accordingly, I may be required to hold this investment indefinitely; and

(4) the Web site complies with all other rules adopted by the administrator.

Subd. 7. **Portal operator.** (a) An entity, other than a registered broker-dealer, wishing to become a portal operator shall file with the administrator:

(1) form ..... [to be approved by the administrator], including all applicable schedules and supplemental information;

(2) a copy of the articles of incorporation or other documents that indicate the entity's form of organization; and

(3) a filing fee of \$200.

(b) A portal operator's registration expires 12 months from the date the administrator has approved the entity as a portal operator, and subsequent registration for the succeeding 12-month period shall be issued upon written application and upon payment of a renewal fee of \$200, without filing of further statements or furnishing any further information, unless specifically requested by the administrator. This section is not applicable to a registered broker-dealer functioning as a portal operator.

(c) A portal operator that is not a broker-dealer registered under this chapter shall not:

(1) offer investment advice or recommendations, provided that a portal operator shall not be deemed to be offering investment advice or recommendations merely because it (i) selects, or may perform due diligence with respect to, issuers or offerings to be listed, or (ii) provides general investor educational materials;

(2) provide transaction-based compensation for securities sold under this chapter to employees, agents, or other persons unless the employees, agents, or other persons are registered with the administrator and permitted to receive such compensation;

(3) charge a fee to the issuer for an offering of securities on a MNvest portal unless the fee is (i) a fixed amount for each offering, (ii) a variable amount based on the length of time that the securities are offered on the MNvest portal, or (iii) a combination of such fixed and variable amounts; or

(4) hold, manage, possess, or otherwise handle purchaser funds or securities. This restriction does not apply if the issuer is the portal operator.

(d) A portal operator shall provide the administrator with read-only access to administrative sections of the MNvest portal.

(e) A portal operator shall comply with the record-keeping requirements of this paragraph, provided that the failure of a portal operator that is not an issuer to maintain records in compliance with this paragraph shall not affect the MNvest issuer's exemption from registration afforded by this section:

(1) a portal operator shall maintain and preserve, for a period of five years from either the date of the closing or termination of the securities offering, the following records:

(i) the name of each issuer whose securities have been listed on its MNvest portal;

(ii) the full name, residential address, Social Security number, date of birth, and copy of a state-issued identification for all owners with greater than ten percent voting equity in an issuer;

(iii) copies of all offering materials that have been displayed on its MNvest portal;

(iv) the names and other personal information of each purchaser who has registered at its MNvest portal;

(v) any agreements and contracts between the portal operator and the issuer; and

(vi) any information used to establish that a MNvest issuer, prospective MNvest purchaser, or MNvest purchaser is a Minnesota resident;

(2) a portal operator shall, upon written request of the administrator, furnish to the administrator any records required to be maintained and preserved under this subdivision;

(3) the records required to be kept and preserved under this subdivision must be maintained in a manner, including by any electronic storage media, that will permit the immediate location of any particular document so long as such records are available for immediate and complete access by representatives of the administrator. Any electronic storage system must preserve the records exclusively in a nonrewriteable, nonerasable format; verify automatically the quality and accuracy of the storage media recording process; serialize the original and, if applicable, duplicate units storage media, and time-date for the required period of retention the information placed on such electronic storage media; and be able to download indexes and records preserved on electronic storage media to an acceptable medium. In the event that a records retention system commingles records required to be kept under this subdivision with records not required to be kept, representatives of the administrator may review all commingled records; and

(4) a portal operator shall maintain such other records as the administrator shall determine by rule.

**Subd. 8. Portal operator; privacy of purchaser information.** (a) For purposes of this subdivision, "personal information" means information provided to a portal operator by a prospective purchaser or purchaser that identifies, or can be used to identify, the prospective purchaser or purchaser.

(b) Except as provided in paragraph (c), a portal operator must not disclose personal information without written or electronic consent from the prospective purchaser or purchaser that authorizes the disclosure.

(c) Paragraph (b) does not apply to:

(1) records required to be provided to the administrator under subdivision 7, paragraph (e);

(2) the disclosure of personal information to a MNvest issuer relating to its MNvest offering; or

(3) the disclosure of personal information to the extent required or authorized under other law.

**Subd. 9. Bad actor disqualification.** (a) An exemption under this section is not available for a sale if securities in the MNvest issuer; any predecessor of the MNvest issuer; any affiliated issuer; any director, executive officer, other officer participating in the MNvest offering, general partner, or managing member of the MNvest issuer; any beneficial owner of 20 percent or more of the MNvest issuer's outstanding voting equity securities, calculated on the basis of voting power; any promoter connected with the MNvest issuer in any capacity at the time of the sale; any investment manager of an issuer that is a pooled investment fund; any general partner or managing member of any investment manager; or any director, executive officer, or

other officer participating in the offering of any investment manager or general partner or managing member of the investment manager:

(1) has been convicted, within ten years before the offering, or five years, in the case of MNvest issuers, their predecessors, and affiliated issuers, of any felony or misdemeanor:

(i) in connection with the purchase or sale of any security;

(ii) involving the making of any false filing with the Securities and Exchange Commission or a state administrator; or

(iii) arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser, or paid solicitor of purchasers of securities;

(2) is subject to any order, judgment, or decree of any court of competent jurisdiction, entered within five years before the sale, that, at the time of the sale, restrains or enjoins the person from engaging or continuing to engage in any conduct or practice:

(i) in connection with the purchase or sale of any security;

(ii) involving the making of any false filing with the Securities and Exchange Commission or a state administrator; or

(iii) arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser, or paid solicitor of purchasers of securities;

(3) is subject to a final order of a state securities commission or an agency or officer of a state performing like functions; a state authority that supervises or examines banks, savings associations, or credit unions; a state insurance commission or an agency or officer of a state performing like functions; an appropriate federal banking agency; the United States Commodity Futures Trading Commission; or the National Credit Union Administration that:

(i) at the time of the offering, bars the person from:

(A) association with an entity regulated by the commission, authority, agency, or officer;

(B) engaging in the business of securities, insurance, or banking; or

(C) engaging in savings association or credit union activities; or

(ii) constitutes a final order based on a violation of any law or regulation that prohibits fraudulent, manipulative, or deceptive conduct entered within ten years before the offering;

(4) is subject to an order of the Securities and Exchange Commission entered pursuant to section 15(b) or 15B(c) of the Securities Exchange Act of 1934, United States Code, title 15, section 78o(b) or 78o-4(c) or section 203(e) or (f) of the Investment Advisers Act of 1940, United States Code, title 15, section 80b-3(e) or (f) that, at the time of the offering:

(i) suspends or revokes the person's registration as a broker, dealer, municipal securities dealer, or investment adviser;

(ii) places limitations on the activities, functions, or operations of the person; or

(iii) bars the person from being associated with any entity or from participating in the offering of any penny stock;

(5) is subject to any order of the Securities and Exchange Commission or a state administrator entered within five years before the sale that, at the time of the sale, orders the person to cease and desist from committing or causing a violation or future violation of:

(i) any scienter-based antifraud provision of the federal securities laws, including without limitation section 17(a)(1) of the Securities Act of 1933, United States Code, title 15, section 77q(a)(1), section 10(b) of the Securities Exchange Act of 1934, United States Code, title 15, section 78j(b) and Code of Federal Regulations, title 17, section 240.10b-5, section 15(c)(1) of the Securities Exchange Act of 1934, United States Code, title 15, section 78o(c)(1) and section 206(1) of the Investment Advisers Act of 1940, United States Code, title 15, section 80b-6(1), or any other rule or regulation thereunder; or

(ii) section 5 of the Securities Act of 1933, United States Code, title 15, section 77e;

(6) is suspended or expelled from membership in, or suspended or barred from association with a member of, a registered national securities exchange or a registered national or affiliated securities association for any act or omission to act constituting conduct inconsistent with just and equitable principles of trade;

(7) has filed as a registrant or issuer, or was or was named as an underwriter in, any registrations statement or Regulation A offering statement filed with the Securities and Exchange Commission or a state administrator that, within five years before the sale, was the subject of a refusal order, stop order, or order suspending the Regulation A exemption, or is, at the time of the sale, the subject of an investigation or proceeding to determine whether a stop order or suspension order should be issued; or

(8) is subject to a United States Postal Service false representation order entered within five years before the offering, or is, at the time of the offering, subject to a temporary restraining order or preliminary injunction with respect to conduct alleged by the United States Postal Service to constitute a scheme or device for obtaining money or property through the mail by means of false representations.

(b) Paragraph (a) does not apply:

(1) with respect to any conviction, order, judgment, decree, suspension, expulsion, or bar that occurred or was issued before September 23, 2013;

(2) upon a showing of good cause and without prejudice to any other action by the Securities and Exchange Commission or a state administrator, if the Securities and Exchange Commission or a state administrator determines that it is not necessary under the circumstances that an exemption be denied;

(3) if, before the relevant offering, the court of regulatory authority that entered the relevant order, judgment, or decree advises in writing, whether contained in the relevant judgment, order, or decree or separately to the Securities and Exchange Commission or a state administrator or their staff, that disqualification under paragraph (a) should not arise as a consequence of the order, judgment, or decree; or

(4) if the MNvest issuer establishes that it did not know and, in the exercise of reasonable care, could not have known that a disqualification existed under paragraph (a).

(c) For purposes of paragraph (a), events relating to any affiliated issuer that occurred before the affiliation arose will not be considered disqualifying if the affiliated entity is not:

(1) in control of the issuer; or

(2) under common control with the issuer by a third party that was in control of the affiliated entity at the time of the events.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies with respect to acts committed on or after that date.

Sec. 13. Minnesota Statutes 2014, section 80A.84, is amended to read:

**80A.84 SECTION 607; PUBLIC RECORDS; CONFIDENTIALITY.**

**(a) Presumption of public records.** Except as otherwise provided in subsection (b), records obtained by the administrator or filed under this chapter, including a record contained in or filed with a registration statement, application, notice filing, or report, are public records and are available for public examination.

**(b) Nonpublic records.** The following records are not public records and are not available for public examination under subsection (a):

(1) a record obtained by the administrator in connection with an audit or inspection under section 80A.66(d) or an investigation under section 80A.79;

(2) a part of a record filed in connection with a registration statement under sections 80A.49 and 80A.51 through 80A.53 or a record under section 80A.66(d) that contains trade secrets or confidential information if the person filing the registration statement or report has asserted a claim of confidentiality or privilege that is authorized by law;

(3) a record that is not required to be provided to the administrator or filed under this chapter and is provided to the administrator only on the condition that the record will not be subject to public examination or disclosure;

(4) a nonpublic record received from a person specified in section 80A.85(a);

(5) any social security number, residential address unless used as a business address, and residential telephone number contained in a record that is filed; ~~and~~

(6) a record obtained by the administrator through a designee of the administrator that a rule or order under this chapter determines has been:

(A) expunged from the administrator's records by the designee; or

(B) determined to be nonpublic or nondisclosable by that designee if the administrator finds the determination to be in the public interest and for the protection of investors; and

(7) a record furnished to the administrator by a portal operator under section 80A.461, subdivision 7, paragraph (e).

**(c) Administrator discretion to disclose.** If disclosure is for the purpose of a civil, administrative, or criminal investigation, action, or proceeding or to a person specified in section 80A.85(a), the administrator

may disclose a record obtained in connection with an audit or inspection under section 80A.66(d) or a record obtained in connection with an investigation under section 80A.79.

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

Sec. 14. Minnesota Statutes 2014, section 216B.02, is amended by adding a subdivision to read:

**Subd. 3a. Propane.** "Propane" means a gas made of primarily propane and butane, and stored in liquid form in pressurized tanks.

Sec. 15. Minnesota Statutes 2014, section 216B.02, is amended by adding a subdivision to read:

**Subd. 3b. Propane storage facility.** "Propane storage facility" means a facility designed to store or capable of storing propane in liquid form in pressurized tanks.

Sec. 16. Minnesota Statutes 2014, section 216B.02, is amended by adding a subdivision to read:

**Subd. 6b. Synthetic gas.** "Synthetic gas" means flammable gas created from (1) gaseous, liquid, or solid hydrocarbons, or (2) other organic or inorganic matter. Synthetic gas includes hydrogen or methane produced through processing, but does not include propane.

Sec. 17. Minnesota Statutes 2014, section 216B.16, subdivision 6, is amended to read:

**Subd. 6. Factors considered, generally.** The commission, in the exercise of its powers under this chapter to determine just and reasonable rates for public utilities, shall give due consideration to the public need for adequate, efficient, and reasonable service and to the need of the public utility for revenue sufficient to enable it to meet the cost of furnishing the service, including adequate provision for depreciation of its utility property used and useful in rendering service to the public, and to earn a fair and reasonable return upon the investment in such property. In determining the rate base upon which the utility is to be allowed to earn a fair rate of return, the commission shall give due consideration to evidence of the cost of the property when first devoted to public use, to prudent acquisition cost to the public utility less appropriate depreciation on each, to construction work in progress, to offsets in the nature of capital provided by sources other than the investors, and to other expenses of a capital nature. For purposes of determining rate base, the commission shall consider the original cost of utility property included in the base and shall make no allowance for its estimated current replacement value. If the commission orders a generating facility to terminate its operations before the end of the facility's physical life in order to comply with a specific state or federal energy statute or policy, the commission may allow the public utility to recover any positive net book value of the facility as determined by the commission.

Sec. 18. Minnesota Statutes 2014, section 216B.16, subdivision 7b, is amended to read:

**Subd. 7b. Transmission cost adjustment.** (a) Notwithstanding any other provision of this chapter, the commission may approve a tariff mechanism for the automatic annual adjustment of charges for the Minnesota jurisdictional costs net of associated revenues of:

(i) new transmission facilities that have been separately filed and reviewed and approved by the commission under section 216B.243 or new transmission or distribution facilities that are certified as a priority project or deemed to be a priority transmission project under section 216B.2425;

(ii) new transmission facilities approved by the regulatory commission of the state in which the new transmission facilities are to be constructed, to the extent approval is required by the laws of that state, and determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system; and

(iii) charges incurred by a utility under a federally approved tariff that accrue from other transmission owners' regionally planned transmission projects that have been determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system.

(b) Upon filing by a public utility or utilities providing transmission service, the commission may approve, reject, or modify, after notice and comment, a tariff that:

(1) allows the utility to recover on a timely basis the costs net of revenues of facilities approved under section 216B.243 or certified or deemed to be certified under section 216B.2425 or exempt from the requirements of section 216B.243;

(2) allows the utility to recover charges incurred under a federally approved tariff that accrue from other transmission owners' regionally planned transmission projects that have been determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system. These charges must be reduced or offset by revenues received by the utility and by amounts the utility charges to other regional transmission owners, to the extent those revenues and charges have not been otherwise offset;

(3) allows the utility to recover on a timely basis the costs net of revenues of facilities approved by the regulatory commission of the state in which the new transmission facilities are to be constructed and determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system;

(4) allows the utility to recover costs associated with distribution planning required under section 216B.2425;

(5) allows the utility to recover costs associated with investments in distribution facilities to modernize the utility's grid that have been certified by the commission under section 216B.2425;

(6) allows a return on investment at the level approved in the utility's last general rate case, unless a different return is found to be consistent with the public interest;

~~(5)~~ (7) provides a current return on construction work in progress, provided that recovery from Minnesota retail customers for the allowance for funds used during construction is not sought through any other mechanism;

~~(6)~~ (8) allows for recovery of other expenses if shown to promote a least-cost project option or is otherwise in the public interest;

~~(7)~~ (9) allocates project costs appropriately between wholesale and retail customers;

~~(8)~~ (10) provides a mechanism for recovery above cost, if necessary to improve the overall economics of the project or projects or is otherwise in the public interest; and

~~(9)~~ (11) terminates recovery once costs have been fully recovered or have otherwise been reflected in the utility's general rates.

(c) A public utility may file annual rate adjustments to be applied to customer bills paid under the tariff approved in paragraph (b). In its filing, the public utility shall provide:

- (1) a description of and context for the facilities included for recovery;
- (2) a schedule for implementation of applicable projects;
- (3) the utility's costs for these projects;
- (4) a description of the utility's efforts to ensure the lowest costs to ratepayers for the project; and

(5) calculations to establish that the rate adjustment is consistent with the terms of the tariff established in paragraph (b).

(d) Upon receiving a filing for a rate adjustment pursuant to the tariff established in paragraph (b), the commission shall approve the annual rate adjustments provided that, after notice and comment, the costs included for recovery through the tariff were or are expected to be prudently incurred and achieve transmission system improvements at the lowest feasible and prudent cost to ratepayers.

Sec. 19. Minnesota Statutes 2014, section 216B.16, subdivision 19, is amended to read:

Subd. 19. **Multiyear rate plan.** (a) A public utility may propose, and the commission may approve, approve as modified, or reject, a multiyear rate plan as provided in this subdivision. The term "multiyear rate plan" refers to a plan establishing the rates the utility may charge for each year of the specified period of years, which cannot exceed ~~three~~ five years, to be covered by the plan. A utility proposing a multiyear rate plan shall provide a general description of the utility's major planned investments over the plan period. The commission may also require the utility to provide a set of reasonable performance measures and incentives that are quantifiable, verifiable, and consistent with state energy policies. The commission may allow the utility to adjust recovery of its cost of capital or other costs in a reasonable manner within the plan period. The utility may propose:

(1) recovery of the utility's forecasted rate base, based on a formula, a budget forecast, or a fixed escalation rate, individually or in combination. The forecasted rate base must include the utility's planned capital investments and investment-related costs, including income tax impacts, depreciation and property taxes, as well as forecasted capacity-related costs from purchased power agreements that are not recovered through subdivision 7;

(2) recovery of operations and maintenance expenses, based on an electricity-related price index or other formula;

(3) tariffs that expand the products and services available to customers, including, but not limited to, an affordability rate for low-income residential customers; and

(4) adjustments to the rates approved under the multiyear plan for rate changes that the commission determines to be just and reasonable, including, but not limited to, changes in the utility's cost of operating its nuclear facilities, or other significant investments not addressed in the plan.

(b) A utility that has filed a petition with the commission to approve a multiyear rate plan may request to be allowed to implement interim rates for the first and second years of the multiyear plan. If the commission approves the request, interim rates shall be implemented in the same manner as allowed under subdivision 3.



(c) The commission may approve a multiyear rate plan only if it finds that the plan establishes just and reasonable rates for the utility, applying the factors described in subdivision 6. Consistent with subdivision 4, the burden of proof to demonstrate that the multiyear rate plan is just and reasonable is on the public utility proposing the plan.

(b) (d) Rates charged under the multiyear rate plan must be based only upon the utility's reasonable and prudent costs of service over the term of the plan, as determined by the commission, provided that the costs are not being recovered elsewhere in rates. Rate adjustments authorized under subdivisions 6b and 7 may continue outside of a plan authorized under this subdivision.

(e) (e) The commission may, by order, establish terms, conditions, and procedures for a multiyear rate plan necessary to implement this section and ensure that rates remain just and reasonable during the course of the plan, including terms and procedures for rate adjustment. At any time prior to conclusion of a multiyear rate plan, the commission, upon its own motion or upon petition of any party, has the discretion to examine the reasonableness of the utility's rates under the plan, and adjust rates as necessary.

(d) (f) In reviewing a multiyear rate plan proposed in a general rate case under this section, the commission may extend the time requirements for issuance of a final determination prescribed in this section by an additional 90 days beyond its existing authority under subdivision 2, paragraph (f).

(e) (g) A utility may not file a multiyear rate plan that would establish rates under the terms of the plan until after May 31, 2012.

(h) The commission may initiate a proceeding to determine a set of performance measures that can be used to assess a utility operating under a multiyear rate plan.

## Sec. 20. **[216B.1638] RECOVERY OF NATURAL GAS EXTENSION PROJECT COSTS.**

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

(b) "Contribution in aid of construction" means a monetary contribution, paid by a developer or local unit of government to a utility providing natural gas service to a community receiving that service as the result of a natural gas extension project, that reduces or offsets the difference between the total revenue requirement of the project and the revenue generated from the customers served by the project.

(c) "Developer" means a developer of the project or a person that owns or will own the property served by the project.

(d) "Local unit of government" means a city, county, township, commission, district, authority, or other political subdivision or instrumentality of this state.

(e) "Natural gas extension project" or "project" means the construction of new infrastructure or upgrades to existing natural gas facilities necessary to serve currently unserved or inadequately served areas.

(f) "Revenue deficiency" means the deficiency in funds that results when projected revenues from customers receiving natural gas service as the result of a natural gas extension project, plus any contributions in aid of construction paid by these customers, fall short of the total revenue requirement of the natural gas extension project.

(g) "Total revenue requirement" means the total cost of extending and maintaining natural gas service to a currently unserved or inadequately served area.

(h) "Transport customer" means a customer for whom a natural gas utility transports gas the customer has purchased from another natural gas supplier.

(i) "Unserved or inadequately served area" means an area in this state lacking adequate natural gas pipeline infrastructure to meet the demand of existing or potential end-use customers.

Subd. 2. **Filing.** (a) A public utility may petition the commission outside of a general rate case for a rider that shall include all of the utility's customers, including transport customers, to recover the revenue deficiency from a natural gas extension project.

(b) The petition shall include:

(1) a description of the natural gas extension project, including the number and location of new customers to be served and the distance over which natural gas will be distributed to serve the unserved or inadequately served area;

(2) the project's construction schedule;

(3) the proposed project budget;

(4) the amount of any contributions in aid of construction;

(5) a description of efforts made by the public utility to offset the revenue deficiency through contributions in aid to construction;

(6) the amount of the revenue deficiency, and how recovery of the revenue deficiency will be allocated among industrial, commercial, residential, and transport customers;

(7) the proposed method to be used to recover the revenue deficiency from each customer class, such as a flat fee, a volumetric charge, or another form of recovery;

(8) the proposed termination date of the rider to recover the revenue deficiency; and

(9) a description of benefits to the public utility's existing natural gas customers that will accrue from the natural gas extension project.

Subd. 3. **Review; approval.** (a) The commission shall allow opportunity for comment on the petition.

(b) The commission shall approve a public utility's petition for a rider to recover the costs of a natural gas extension project if it determines that:

(1) the project is designed to extend natural gas service to an unserved or inadequately served area; and

(2) project costs are reasonable and prudently incurred.

(c) The commission must not approve a rider under this section that allows a utility to recover more than 33 percent of the costs of a natural gas extension project.

(d) The revenue deficiency from a natural gas extension project recoverable through a rider under this section must include the currently authorized rate of return, incremental income taxes, incremental property taxes, incremental depreciation expenses, and any incremental operation and maintenance costs.

Subd. 4. **Commission authority; order.** The commission may issue orders necessary to implement and administer this section.

Subd. 5. **Implementation.** Nothing in this section commits a public utility to implement a project approved by the commission. The public utility seeking to provide natural gas service shall notify the commission whether it intends to proceed with the project as approved by the commission.

Subd. 6. **Evaluation and report.** By January 15, 2017, and every three years thereafter, the commission shall report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over energy policy:

(1) the number of public utilities and projects proposed and approved under this section;

(2) the total cost of each project;

(3) rate impacts of the cost recovery mechanism; and

(4) an assessment of the effectiveness of the cost recovery mechanism in realizing increased natural gas service to unserved or inadequately served areas from natural gas extension projects.

Sec. 21. Minnesota Statutes 2014, section 216B.164, subdivision 3, is amended to read:

**Subd. 3. Purchases; small facilities.** (a) This paragraph applies to cooperative electric associations and municipal utilities. For a qualifying facility having less than 40-kilowatt capacity, the customer shall be billed for the net energy supplied by the utility according to the applicable rate schedule for sales to that class of customer. A cooperative electric association or municipal utility may charge an additional fee to recover the fixed costs not already paid for by the customer through the customer's existing billing arrangement. Any additional charge by the utility must be reasonable and appropriate for that class of customer based on the most recent cost of service study. The cost of service study must be made available for review by a customer of the utility upon request. In the case of net input into the utility system by a qualifying facility having less than 40-kilowatt capacity, compensation to the customer shall be at a per kilowatt-hour rate determined under paragraph (c) or (d), or (f).

(b) This paragraph applies to public utilities. For a qualifying facility having less than 1,000-kilowatt capacity, the customer shall be billed for the net energy supplied by the utility according to the applicable rate schedule for sales to that class of customer. In the case of net input into the utility system by a qualifying facility having: (1) more than 40-kilowatt but less than 1,000-kilowatt capacity, compensation to the customer shall be at a per kilowatt-hour rate determined under paragraph (c); or (2) less than 40-kilowatt capacity, compensation to the customer shall be at a per-kilowatt rate determined under paragraph (c) or (d).

(c) In setting rates, the commission shall consider the fixed distribution costs to the utility not otherwise accounted for in the basic monthly charge and shall ensure that the costs charged to the qualifying facility are not discriminatory in relation to the costs charged to other customers of the utility. The commission shall set the rates for net input into the utility system based on avoided costs as defined in the Code of Federal Regulations, title 18, section 292.101, paragraph (b)(6), the factors listed in Code of Federal Regulations, title 18, section 292.304, and all other relevant factors.

(d) Notwithstanding any provision in this chapter to the contrary, a qualifying facility having less than 40-kilowatt capacity may elect that the compensation for net input by the qualifying facility into the utility system shall be at the average retail utility energy rate. "Average retail utility energy rate" is defined as the average of the retail energy rates, exclusive of special rates based on income, age, or energy conservation, according to the applicable rate schedule of the utility for sales to that class of customer.

(e) If the qualifying facility or net metered facility is interconnected with a nongenerating utility which has a sole source contract with a municipal power agency or a generation and transmission utility, the non-generating utility may elect to treat its purchase of any net input under this subdivision as being made on behalf of its supplier and shall be reimbursed by its supplier for any additional costs incurred in making the purchase. Qualifying facilities or net metered facilities having less than 1,000-kilowatt capacity if interconnected to a public utility, or less than 40-kilowatt capacity if interconnected to a cooperative electric association or municipal utility may, at the customer's option, elect to be governed by the provisions of subdivision 4.

(f) A customer with a qualifying facility or net metered facility having a capacity below 40 kilowatts that is interconnected to a cooperative electric association or a municipal utility may elect to be compensated for the customer's net input into the utility system in the form of a kilowatt-hour credit on the customer's energy bill carried forward and applied to subsequent energy bills. Any kilowatt-hour credits carried forward by the customer cancel at the end of the calendar year with no additional compensation.

**EFFECTIVE DATE.** This section is effective July 1, 2015, and applies to customers installing net metered systems after that day.

Sec. 22. Minnesota Statutes 2014, section 216B.2425, is amended to read:

**216B.2425 STATE TRANSMISSION AND DISTRIBUTION PLAN.**

Subdivision 1. **List.** The commission shall maintain a list of certified high-voltage transmission line projects.

Subd. 2. **List development; transmission projects report.** (a) By November 1 of each odd-numbered year, a transmission projects report must be submitted to the commission by each utility, organization, or company that:

(1) is a public utility, a municipal utility, a cooperative electric association, the generation and transmission organization that serves each utility or association, or a transmission company; and

(2) owns or operates electric transmission lines in Minnesota, except a company or organization that owns a transmission line that serves a single customer or interconnects a single generating facility.

(b) The report may be submitted jointly or individually to the commission.

(c) The report must:

(1) list specific present and reasonably foreseeable future inadequacies in the transmission system in Minnesota;

(2) identify alternative means of addressing each inadequacy listed;

(3) identify general economic, environmental, and social issues associated with each alternative; and

(4) provide a summary of public input related to the list of inadequacies and the role of local government officials and other interested persons in assisting to develop the list and analyze alternatives.

(d) To meet the requirements of this subdivision, reporting parties may rely on available information and analysis developed by a regional transmission organization or any subgroup of a regional transmission organization and may develop and include additional information as necessary.

(e) In addition to providing the information required under this subdivision, a utility operating under a multiyear rate plan approved by the commission under section 216B.16, subdivision 19, shall identify in its report investments that it considers necessary to modernize the transmission and distribution system by enhancing reliability, improving security against cyber and physical threats, and by increasing energy conservation opportunities by facilitating communication between the utility and its customers through the use of two-way meters, control technologies, energy storage and microgrids, technologies to enable demand response, and other innovative technologies.

Subd. 3. **Commission approval.** By June 1 of each even-numbered year, the commission shall adopt a state transmission project list and shall certify, certify as modified, or deny certification of the transmission and distribution projects proposed under subdivision 2. The commission may only certify a project that is a high-voltage transmission line as defined in section 216B.2421, subdivision 2, that the commission finds is:

(1) necessary to maintain or enhance the reliability of electric service to Minnesota consumers;

(2) needed, applying the criteria in section 216B.243, subdivision 3; and

(3) in the public interest, taking into account electric energy system needs and economic, environmental, and social interests affected by the project.

Subd. 4. **List; effect.** Certification of a project as a priority electric transmission project satisfies section 216B.243. A certified project on which construction has not begun more than six years after being placed on the list, must be reapproved by the commission.

Subd. 5. **Transmission inventory.** The Department of Commerce shall create, maintain, and update annually an inventory of transmission lines in the state.

Subd. 6. **Exclusion.** This section does not apply to any transmission line proposal that has been approved by, or was pending before, a local unit of government, the Environmental Quality Board, or the Public Utilities Commission on August 1, 2001.

Subd. 7. **Transmission needed to support renewable resources.** (a) Each entity subject to this section shall determine necessary transmission upgrades to support development of renewable energy resources required to meet objectives under section 216B.1691 and shall include those upgrades in its report under subdivision 2.

(b) MS 2008 [Expired]

Subd. 8. **Distribution study for distributed generation.** Each entity subject to this section that is operating under a multiyear rate plan approved under section 216B.16, subdivision 19, shall conduct a distribution study to identify interconnection points on its distribution system for small-scale distributed generation resources and shall identify necessary distribution upgrades to support the continued development of distributed generation resources, and shall include the study in its report required under subdivision 2.

Sec. 23. Minnesota Statutes 2014, section 216B.62, subdivision 3b, is amended to read:

Subd. 3b. **Assessment for department regional and national duties.** In addition to other assessments in subdivision 3, the department may assess up to \$1,000,000 per fiscal year for performing its duties under section 216A.07, subdivision 3a. The amount in this subdivision shall be assessed to energy utilities in proportion to their respective gross operating revenues from retail sales of gas or electric service within the state during the last calendar year and shall be deposited into an account in the special revenue fund and is appropriated to the commissioner of commerce for the purposes of section 216A.07, subdivision 3a. An assessment made under this subdivision is not subject to the cap on assessments provided in subdivision 3 or any other law. For the purpose of this subdivision, an "energy utility" means public utilities, generation and transmission cooperative electric associations, and municipal power agencies providing natural gas or electric service in the state. This subdivision expires June 30, ~~2015~~ 2017.

Sec. 24. **[216H.077] LEGISLATIVE REVIEW.**

By March 15, 2016, the commissioners of commerce and the Pollution Control Agency shall jointly submit to the senate and house committees with primary jurisdiction over energy and environmental policy for review and comment the draft plan the state is required to submit to the federal Environmental Protection Agency to comply with the proposed rule for the federal Clean Power Plan for Existing Power Plants, as published in the Federal Register on June 18, 2014, Docket No. EPA-HQ-OAR-2013-0602, or any final rule issued in that docket or federal order pertaining thereto.

Sec. 25. **TASK FORCE ON NO-FAULT AUTO INSURANCE ISSUES.**

Subdivision 1. **Establishment.** The task force on no-fault auto insurance is established to review certain issues related to no-fault automobile insurance reform.

Subd. 2. **Membership; meetings; staff.** (a) The task force shall be composed of the following 19 members, who must be appointed by July 1, 2015, and who serve at the pleasure of their appointing authorities:

(1) the commissioner of commerce or a designee;

(2) two members of the house of representatives, one appointed by the speaker of the house and one appointed by the minority leader;

(3) two members of the senate, one appointed by the Subcommittee on Committees of the Committee on Rules and Administration and one appointed by the minority leader;

(4) a person appointed by the Minnesota Chiropractic Association;

(5) a person appointed by the Insurance Federation of Minnesota;

(6) a person appointed by the Insurance Federation of Minnesota who is not a member of the Federation;

(7) a person appointed by the Minnesota Association for Justice;

(8) a person appointed by the Minnesota Medical Association;

(9) a person appointed by the Minnesota Glass Association;

(10) a person appointed by the Minnesota Hospital Association;

(11) a person appointed by the Minnesota Ambulance Association;

(12) a person appointed by the Minnesota Physical Therapy Association;

(13) a person appointed by the Academy of Emergency Physicians-Minnesota Chapter;

(14) a person appointed by the Medical Group Management Association of Minnesota;

(15) a representative of a medical consulting company specializing in the delivery of independent medical examinations, appointed by the commissioner;

(16) a person appointed by the Minnesota Defense Lawyers Association; and

(17) a person appointed by the Minnesota Ambulatory Surgery Center Association.

(b) Compensation and expense reimbursement must be as provided under Minnesota Statutes, section 15.059, subdivision 3, to members of the task force.

(c) The commissioner of commerce shall convene the task force by August 1, 2015, and shall appoint a chair from the membership of the task force. Staffing and technical assistance must be provided by the Department of Commerce.

Subd. 3. **Duties.** The task force shall review and evaluate the following issues related to no-fault automobile insurance reform:

(1) no-fault arbitration process;

(2) independent medical exam process; and

(3) treatment standards and fee schedules.

Subd. 4. **Report.** By February 1, 2016, the task force must submit to the chairs and ranking minority members of the house of representatives and senate committees and divisions with primary jurisdiction over commerce and transportation its written recommendations, including any draft legislation necessary to implement the recommendations.

Subd. 5. **Expiration.** The task force expires the day after submitting the report under subdivision 4, or February 2, 2016, whichever is earlier.

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

## Sec. 26. **COMPETITIVE RATE FOR ENERGY-INTENSIVE, TRADE-EXPOSED ELECTRIC UTILITY CUSTOMER.**

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

(b) "Clean energy technology" is energy technology that generates electricity from a carbon neutral generating resource including, but not limited to, solar, wind, hydroelectric, and biomass.

(c) "Energy-intensive trade-exposed customer" is defined to include:

(1) an iron mining extraction and processing facility, including a scam mining facility as defined in Minnesota Rules, part 6130.0100, subpart 16;

(2) a paper mill, wood products manufacturer, sawmill, or oriented strand board manufacturer;

(3) a steel mill and related facilities; and

(4) a retail customer of an investor-owned electric utility that has facilities under a single electric service agreement that: (i) collectively imposes a peak electrical demand of at least 10,000 kilowatts on the electric utility's system, (ii) has a combined annual average load factor in excess of 80 percent, and (iii) is subject to globally competitive pressures and whose electric energy costs are at least ten percent of the customer's overall cost of production.

(d) "EITE rate schedule" means a rate schedule under which an investor-owned electric utility may set terms of service to an individual or group of energy-intensive trade-exposed customers.

(e) "EITE rate" means the rate or rates offered by the investor-owned electric utility under an EITE rate schedule.

**Subd. 2. Rates and terms of EITE rate schedule.** (a) It is the energy policy of the state of Minnesota to ensure competitive electric rates for energy-intensive trade-exposed customers. To achieve this objective, an investor-owned electric utility that has at least 50,000 retail electric customers, but no more than 200,000 retail electric customers, shall have the ability to propose various EITE rate options within their service territory under an EITE rate schedule that include, but are not limited to, fixed-rates, market-based rates, and rates to encourage utilization of new clean energy technology.

(b) Notwithstanding Minnesota Statutes, section 216B.03, 216B.05, 216B.06, 216B.07, or 216B.16, the commission shall, upon a finding of net benefit to the utility or the state, approve an EITE rate schedule and any corresponding EITE rate.

(c) The commission shall make a final determination in a proceeding begun under this section within 90 days of a miscellaneous rate filing by the electric utility.

(d) Upon approval of any EITE rate schedule, the utility shall create a separate account to track the difference in revenue between what would have been collected under the electric utility's applicable standard tariff and the EITE rate schedule. In its next general rate case or through an EITE cost recovery rate rider between general rate cases, the commission shall allow the utility to recover any costs, including reduced revenues, or refund any savings, including increased revenues, associated with providing service to a customer under an EITE rate schedule. The utility shall not recover any costs or refund any savings under this section from any energy-intensive trade-exposed customer or any low-income residential ratepayers as defined in Minnesota Statutes, section 216B.16, subdivision 15.

**Subd. 3. Low-income funding.** Upon the filing of a utility for approval of an EITE rate schedule under this section, the filing utility must deposit \$10,000 into an account devoted to funding a program approved by the commission under Minnesota Statutes, section 216B.16, subdivision 15. The funds shall be used to expand the outreach of the commission-approved affordability program.

**Subd. 4. Assessment.** The commissioner of commerce shall assess reasonable costs it incurs for services it provides to implement this section to the utility proposing an EITE rate schedule to the commission. The department must not assess more than \$854,000 per biennium under this subdivision.



**ARTICLE 4****HOUSING**

Section 1. Minnesota Statutes 2014, section 327.20, subdivision 1, is amended to read:

Subdivision 1. **Rules.** No domestic animals or house pets of occupants of manufactured home parks or recreational camping areas shall be allowed to run at large, or commit any nuisances within the limits of a manufactured home park or recreational camping area. Each manufactured home park or recreational camping area licensed under the provisions of sections 327.10, 327.11, and 327.14 to 327.28 shall, among other things, provide for the following:

(1) A responsible attendant or caretaker shall be in charge of every manufactured home park or recreational camping area at all times, who shall maintain the park or area, and its facilities and equipment in a clean, orderly and sanitary condition. In any manufactured home park containing more than 50 lots, the attendant, caretaker, or other responsible park employee, shall be readily available at all times in case of emergency.

(2) All manufactured home parks shall be well drained and be located so that the drainage of the park area will not endanger any water supply. No wastewater from manufactured homes or recreational camping vehicles shall be deposited on the surface of the ground. All sewage and other water carried wastes shall be discharged into a municipal sewage system whenever available. When a municipal sewage system is not available, a sewage disposal system acceptable to the state commissioner of health shall be provided.

(3) No manufactured home shall be located closer than three feet to the side lot lines of a manufactured home park, if the abutting property is improved property, or closer than ten feet to a public street or alley. Each individual site shall abut or face on a driveway or clear unoccupied space of not less than 16 feet in width, which space shall have unobstructed access to a public highway or alley. There shall be ~~an open~~ a space of at least ten feet between the sides of adjacent manufactured homes including their attachments and at least three feet between manufactured homes when parked end to end. The space between manufactured homes may be used for the parking of motor vehicles and other property, ~~if the vehicle or other property is parked at least ten feet from the nearest adjacent manufactured home position.~~ The requirements of this paragraph shall not apply to recreational camping areas and variances may be granted by the state commissioner of health in manufactured home parks when the variance is applied for in writing and in the opinion of the commissioner the variance will not endanger the health, safety, and welfare of manufactured home park occupants.

(4) An adequate supply of water of safe, sanitary quality shall be furnished at each manufactured home park or recreational camping area. The source of the water supply shall first be approved by the state Department of Health.

(5) All plumbing shall be installed in accordance with the rules of the state commissioner of labor and industry and the provisions of the Minnesota Plumbing Code.

(6) In the case of a manufactured home park with less than ten manufactured homes, a plan for the sheltering or the safe evacuation to a safe place of shelter of the residents of the park in times of severe weather conditions, such as tornadoes, high winds, and floods. The shelter or evacuation plan shall be developed with the assistance and approval of the municipality where the park is located and shall be posted at conspicuous locations throughout the park. The park owner shall provide each resident with a copy of

the approved shelter or evacuation plan, as provided by section 327C.01, subdivision 1c. Nothing in this paragraph requires the Department of Health to review or approve any shelter or evacuation plan developed by a park. Failure of a municipality to approve a plan submitted by a park shall not be grounds for action against the park by the Department of Health if the park has made a good faith effort to develop the plan and obtain municipal approval.

(7) A manufactured home park with ten or more manufactured homes, licensed prior to March 1, 1988, shall provide a safe place of shelter for park residents or a plan for the evacuation of park residents to a safe place of shelter within a reasonable distance of the park for use by park residents in times of severe weather, including tornadoes and high winds. The shelter or evacuation plan must be approved by the municipality by March 1, 1989. The municipality may require the park owner to construct a shelter if it determines that a safe place of shelter is not available within a reasonable distance from the park. A copy of the municipal approval and the plan shall be submitted by the park owner to the Department of Health. The park owner shall provide each resident with a copy of the approved shelter or evacuation plan, as provided by section 327C.01, subdivision 1c.

(8) A manufactured home park with ten or more manufactured homes, receiving an initial license after March 1, 1988, must provide the type of shelter required by section 327.205, except that for manufactured home parks established as temporary, emergency housing in a disaster area declared by the President of the United States or the governor, an approved evacuation plan may be provided in lieu of a shelter for a period not exceeding 18 months.

(9) For the purposes of this subdivision, "park owner" and "resident" have the meanings given them in section 327C.01.

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

Sec. 2. Laws 1994, chapter 493, section 1, is amended to read:

Section 1. **OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY; MEMBERS.**

**Subdivision 1. City and county appointees as housing and redevelopment authority.** Notwithstanding Minnesota Statutes, section 469.006, the Olmsted County Housing and Redevelopment Authority has seven members, four appointed by the city council of the city of Rochester and three appointed by the county board of Olmsted county. Of the first four appointees of the city council under this act, one must be appointed for a one-year term, two for two-year terms, and one for a three-year term. Of the first three appointees of the county board under this act, one must be appointed for a one-year term, one for a two-year term, and one for a three-year term. Later appointments to fill terms are for five years. An appointment to a vacancy is for the unexpired term.

**Subd. 2. County board may serve as housing and redevelopment authority.** Notwithstanding subdivision 1, the county board may, by resolution, provide that the Olmsted County Board will constitute the county housing and redevelopment authority and that the appointment procedures in subdivision 1 shall not apply. If the Olmsted County Board acts under this subdivision, it must also provide in the resolution for any additional members needed to comply with Code of Federal Regulations, title 24, part 964.

**EFFECTIVE DATE; TRANSITION.** This section is effective the day after the latter of the city council of the city of Rochester and the Olmsted County Board of Commissioners and their respective chief

clerical officers timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3. Terms of members of the Olmsted County Housing and Redevelopment Authority serving on or after the effective date of this section terminate as provided in the resolution adopted by the county board.

## ARTICLE 5

### LABOR AND INDUSTRY

Section 1. Minnesota Statutes 2014, section 326B.092, subdivision 7, as amended by Laws 2015, chapter 54, article 5, section 7, is amended to read:

Subd. 7. **License fees and license renewal fees.** (a) The license fee for each license is the base license fee plus any applicable board fee, continuing education fee, and contractor recovery fund fee and additional assessment, as set forth in this subdivision.

(b) For purposes of this section, "license duration" means the number of years for which the license is issued except that

if the initial license is not issued for a whole number of years, the license duration shall be rounded up to the next whole number.

(c) The base license fee shall depend on whether the license is classified as an entry level, master, journeyman, or business license, and on the license duration. The base license fee shall be:

License Classification	License Duration		
	1 Year	2 Years	3 Years
Entry level	\$10	\$20	\$30
<del>Journeyman</del> Journeyworker	\$20	\$40	\$60
Master	\$40	\$80	\$120
Business	\$90	\$180	\$270

(d) If there is a continuing education requirement for renewal of the license, then a continuing education fee must be included in the renewal license fee. The continuing education fee for all license classifications shall be: \$10 if the renewal license duration is one year; and \$20 if the renewal license duration is two years; ~~and \$30 if the renewal license duration is three years.~~

(e) If the license is issued under sections 326B.31 to 326B.59 or 326B.90 to 326B.93, then a board fee must be included in the license fee and the renewal license fee. The board fee for all license classifications shall be: \$4 if the license duration is one year; and \$8 if the license duration is two years; ~~and \$12 if the license duration is three years.~~

(f) If the application is for the renewal of a license issued under sections 326B.802 to 326B.885, then the contractor recovery fund fee required under section 326B.89, subdivision 3, and any additional assessment required under section 326B.89, subdivision 16, must be included in the license renewal fee.

(g) Notwithstanding the fee amounts described in paragraphs (c) to (f), for the period July 1, 2015, through June 30, 2017, the following fees apply:

<u>License Classification</u>	<u>License Duration</u>	
	<u>1 year</u>	<u>2 years</u>
<u>Entry level</u>	<u>\$10</u>	<u>\$20</u>
<u>Journeyworker</u>	<u>\$15</u>	<u>\$35</u>
<u>Master</u>	<u>\$30</u>	<u>\$75</u>
<u>Business</u>		<u>\$160</u>

If there is a continuing education requirement for renewal of the license, then a continuing education fee must be included in the renewal license fee. The continuing education fee for all license classifications shall be \$5.

Sec. 2. Minnesota Statutes 2014, section 326B.096, is amended to read:

### **326B.096 REINSTATEMENT OF LICENSES.**

Subdivision 1. **Reinstatement after revocation.** (a) If a license is revoked under this chapter and if an applicant for a license needs to pass an examination administered by the commissioner before becoming licensed, then, in order to have the license reinstated, the person who holds the revoked license must:

(1) retake the examination and achieve a passing score; and

(2) meet all other requirements for an initial license, including payment of the application and examination fee and the license fee. The person holding the revoked license is not eligible for Minnesota licensure without examination based on reciprocity.

(b) If a license is revoked under a chapter other than this chapter, then, in order to have the license reinstated, the person who holds the revoked license must:

(1) apply for reinstatement to the commissioner no later than two years after the effective date of the revocation;

(2) pay a ~~\$100~~ \$50 reinstatement application fee and any applicable renewal license fee; and

(3) meet all applicable requirements for licensure, except that, unless required by the order revoking the license, the applicant does not need to retake any examination and does not need to repay a license fee that was paid before the revocation.

Subd. 2. **Reinstatement after suspension.** If a license is suspended, then, in order to have the license reinstated, the person who holds the suspended license must:

(1) apply for reinstatement to the commissioner no later than two years after the completion of the suspension period;

(2) pay a ~~\$100~~ \$50 reinstatement application fee and any applicable renewal license fee; and

(3) meet all applicable requirements for licensure, except that, unless required by the order suspending the license, the applicant does not need to retake any examination and does not need to repay a license fee that was paid before the suspension.

Subd. 3. **Reinstatement after voluntary termination.** A licensee who is not an individual may voluntarily terminate a license issued to the person under this chapter. If a licensee has voluntarily terminated a license under this subdivision, then, in order to have the license reinstated, the person who holds the terminated license must:

(1) apply for reinstatement to the commissioner no later than the date that the license would have expired if it had not been terminated;

(2) pay a ~~\$100~~ \$50 reinstatement application fee and any applicable renewal license fee; and

(3) meet all applicable requirements for licensure, except that the applicant does not need to repay a license fee that was paid before the termination.

**EFFECTIVE DATE.** The amendments to this section are effective July 1, 2015, and expire July 1, 2017.

Sec. 3. Minnesota Statutes 2014, section 326B.986, subdivision 5, is amended to read:

Subd. 5. **Boiler engineer license fees.** (a) For purposes of calculating license fees and renewal license fees required under section 326B.092:

(1) the boiler special engineer license is an entry level license;

(2) the following licenses are journeyman licenses: first class engineer, Grade A; first class engineer, Grade B; first class engineer, Grade C; second class engineer, Grade A; second class engineer, Grade B; second class engineer, Grade C; and provisional license; and

(3) the following licenses are master licenses: boiler chief engineer, Grade A; boiler chief engineer, Grade B; boiler chief engineer, Grade C; boiler ~~commissioner~~ inspector certificate of competency; and traction or hobby boiler engineer.

(b) Notwithstanding section 326B.092, subdivision 7, paragraph (a), the license duration for steam traction and hobby engineer licenses are one year only for the purpose of calculating license fees under section 326B.092, subdivision 7, paragraph (b).

Sec. 4. Minnesota Statutes 2014, section 326B.986, subdivision 8, is amended to read:

Subd. 8. **Certificate of competency.** ~~The fee for issuance of the original certificate of competency is \$85 for inspectors who did not pay the national board examination fee specified in subdivision 6, or \$35 for inspectors who paid that examination fee.~~ (a) Each applicant for a certificate of competency must complete an interview with the chief boiler inspector before issuance of the certificate of competency.

(b) All initial certificates of competency shall be effective for more than one calendar year and shall expire on December 31 of the year after the year in which the application is made. ~~The commissioner shall in a manner determined by the commissioner, without the need for any rulemaking under chapter 14, phase in the renewal of certificates of competency from one calendar year to two calendar years. By June 30, 2011,~~

~~(c) All renewed certificates of competency shall be valid for two calendar years. The fee for renewal of the state of Minnesota certificate of competency is \$35 for one year or \$70 for two years, and is due the day after the certificate expires.~~

**EFFECTIVE DATE.** The amendments to paragraphs (a) and (c) are effective July 1, 2015, and expire July 1, 2017.

Sec. 5. Minnesota Statutes 2014, section 341.321, is amended to read:

**341.321 FEE SCHEDULE.**

(a) The fee schedule for professional and amateur licenses issued by the commissioner is as follows:

- ~~(1) referees, \$80 for each initial license and each renewal;~~
- ~~(2) promoters, \$700 for each initial license and each renewal;~~
- ~~(3) judges and knockdown judges, \$80 for each initial license and each renewal;~~
- ~~(4) trainers and seconds, \$80 for each initial license and each renewal;~~
- ~~(5) ring announcers, \$80 for each initial license and each renewal;~~
- ~~(6) seconds, \$80 for each initial license and each renewal;~~
- ~~(7) (6) timekeepers, \$80 for each initial license and each renewal;~~
- ~~(8) (7) professional combatants, \$100 for each initial license and each renewal \$70;~~
- ~~(8) amateur combatants, \$50;~~
- ~~(9) managers, \$80 for each initial license and each renewal; and~~
- ~~(10) ringside physicians, \$80 for each initial license and each renewal.~~

~~In addition to the license fee and the late filing penalty fee in section 341.32, subdivision 2, if applicable, an individual who applies for a professional license on the same day within the 48 hours preceding when the combative sporting event is held shall pay a late fee of \$100 plus the original license fee of \$120 at the time the application is submitted.~~

~~(b) The fee schedule for amateur licenses issued by the commissioner is as follows:~~

- ~~(1) referees, \$80 for each initial license and each renewal;~~
- ~~(2) promoters, \$700 for each initial license and each renewal;~~
- ~~(3) judges and knockdown judges, \$80 for each initial license and each renewal;~~
- ~~(4) trainers, \$80 for each initial license and each renewal;~~
- ~~(5) ring announcers, \$80 for each initial license and each renewal;~~
- ~~(6) seconds, \$80 for each initial license and each renewal;~~

- ~~(7) timekeepers, \$80 for each initial license and each renewal;~~
- ~~(8) combatant, \$60 for each initial license and each renewal;~~
- ~~(9) managers, \$80 for each initial license and each renewal; and~~
- ~~(10) ringside physicians, \$80 for each initial license and each renewal.~~

~~(e) (b) The commissioner shall establish a contest fee for each combative sport contest and shall consider the size and type of venue when establishing a contest fee. The professional combative sport contest fee is \$1,500 per event or not more than four percent of the gross ticket sales, whichever is greater, as determined by the commissioner when the combative sport contest is scheduled. The amateur combative sport contest fee shall be \$1,500 or not more than four percent of the gross ticket sales, whichever is greater. The commissioner shall consider the size and type of venue when establishing a contest fee. The commissioner may establish the maximum number of complimentary tickets allowed for each event by rule.~~

~~(c) A professional or amateur combative sport contest fee is nonrefundable; and shall be paid as follows:~~

- ~~(1) \$500 at the time the combative sport contest is scheduled; and~~
- ~~(2) \$1,000 at the weigh-in prior to the contest.~~

~~If four percent of the gross ticket sales is greater than \$1,500, the balance is due to the commissioner within 24 hours of the completed contest.~~

~~(d) The commissioner may establish the maximum number of complimentary tickets allowed for each event by rule.~~

~~(d) (e) All fees and penalties collected by the commissioner must be deposited in the commissioner account in the special revenue fund.~~

Sec. 6. Laws 2015, chapter 54, article 5, section 16, is amended to read:

**Sec. 16. REPEALER.**

**Subdivision 1. Labor standards.**

Minnesota Statutes 2014, section 181.12, is repealed.

**Subd. 2. Fee employment agencies.**

(a) Minnesota Statutes 2014, sections 184.22, subdivision 1; 184.25; 184.26; 184.27; 184.28; 184.29; 184.30, subdivision 1; 184.32; 184.33; 184.34; 184.35; 184.36; 184.38, subdivisions 2, and 16, ~~and 17~~; and 184.40, are repealed.

(b) Minnesota Rules, parts 5200.0510; 5200.0520; 5200.0530; 5200.0540; 5200.0550; ~~5200.0560~~; 5200.0570; 5200.0750; and 5200.0760, are repealed.

**Subd. 3. Construction codes and licensing.**

Minnesota Statutes 2014, sections 326B.091, subdivision 6; 326B.106, subdivision 10; 326B.169; and 326B.181, are repealed.

**Subd. 4. Municipal rights, powers, duties.**

Minnesota Statutes 2014, sections 471.465; 471.466; 471.467; and 471.468, are repealed.

**Subd. 5. State procurement.**

Minnesota Statutes 2014, section 16C.0745, is repealed.

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

**ARTICLE 6****UNEMPLOYMENT INSURANCE**

Section 1. Minnesota Statutes 2014, section 268.035, subdivision 6, is amended to read:

Subd. 6. **Benefit year.** "Benefit year" means the period of 52 calendar weeks beginning the date a benefit account is effective. For a benefit account established effective any January 1, April 1, July 1, or October 1, or January 2, 2000, or October 2, 2011, the benefit year will be a period of 53 calendar weeks.

**EFFECTIVE DATE.** This section is effective August 2, 2015.

Sec. 2. Minnesota Statutes 2014, section 268.035, subdivision 21b, is amended to read:

Subd. 21b. **Preponderance of the evidence.** "Preponderance of the evidence" means evidence in ~~substantiation support~~ of a fact that, ~~when weighed against the evidence opposing the fact,~~ is more convincing and has a greater probability of truth than the evidence opposing the fact.

**EFFECTIVE DATE.** This section is effective August 2, 2015.

Sec. 3. Minnesota Statutes 2014, section 268.035, subdivision 26, is amended to read:

Subd. 26. **Unemployed.** An applicant is considered "unemployed" (+) in any week that:

(1) the applicant performs less than 32 hours of service in employment, covered employment, noncovered employment, self-employment, or volunteer work; and

(2) any earnings with respect to that week are less than the applicant's weekly unemployment benefit amount.

**EFFECTIVE DATE.** This section is effective August 2, 2015.

Sec. 4. Minnesota Statutes 2014, section 268.035, subdivision 30, is amended to read:

Subd. 30. **Wages paid.** (a) "Wages paid" means the amount of wages:

(1) that have been actually paid; or

(2) that have been credited to or set apart so that payment and disposition is under the control of the employee.



(b) Wage payments delayed beyond the regularly scheduled pay date are considered "wages paid" on the missed pay date. Back pay is considered "wages paid" on the date of actual payment. Any wages earned but not paid with no scheduled date of payment is considered "wages paid" on the last day of employment.

~~(b)~~ (c) Wages paid does not include wages earned but not paid except as provided for in this subdivision.

**EFFECTIVE DATE.** This section is effective August 2, 2015.

Sec. 5. Minnesota Statutes 2014, section 268.051, subdivision 7, is amended to read:

Subd. 7. **Tax rate buydown.** (a) Any taxpaying employer that has been assigned a tax rate based upon an experience rating, and has no amounts past due under this chapter, may, upon the payment of an amount equivalent to any portion or all of the unemployment benefits used in computing the experience rating plus a surcharge of 25 percent, obtain a cancellation of unemployment benefits used equal to the payment made, less the surcharge. The payment is applied to the most recent unemployment benefits paid that are used in computing the experience rating. Upon the payment, the commissioner must compute a new experience rating for the employer, and compute a new tax rate.

(b) Payments for a tax rate buydown may be made only by electronic payment and must be received within 120 calendar days from the beginning of the calendar year for which the tax rate is effective.

~~(c) For calendar years 2011, 2012, and 2013, the surcharge of 25 percent provided for in paragraph (a) does not apply.~~

**EFFECTIVE DATE.** This section is effective August 2, 2015.

Sec. 6. Minnesota Statutes 2014, section 268.07, subdivision 2, is amended to read:

Subd. 2. **Benefit account requirements.** (a) Unless paragraph (b) applies, to establish a benefit account an applicant must have total wage credits in the applicant's four quarter base period of at least: ~~(1) \$2,400; or~~ ~~(2) 5.3 percent of the state's average annual wage rounded down to the next lower \$100, whichever is higher.~~

(b) To establish a new benefit account ~~within 52 calendar weeks~~ following the expiration of the benefit year on a prior benefit account, an applicant must have performed ~~services~~ actual work in subsequent covered employment and have been paid wages in one or more completed calendar quarters that started after the effective date of the prior benefit account. The wages paid for ~~those services~~ that employment must be at least enough to meet the requirements of paragraph (a). A benefit account under this paragraph may not be established effective earlier than the Sunday following the end of the most recent completed calendar quarter in which the requirements of paragraph (a) were met. ~~One of the reasons for this paragraph is to prevent an applicant from establishing~~ may not establish a second benefit account as a result of one loss of employment.

**EFFECTIVE DATE.** This section is effective August 2, 2015, except the amendment striking "within 52 calendar weeks" is effective the day following final enactment.

Sec. 7. Minnesota Statutes 2014, section 268.07, subdivision 3b, is amended to read:

Subd. 3b. **Limitations on applications and benefit accounts.** (a) An application for unemployment benefits is effective the Sunday of the calendar week that the application was filed. An application for unemployment benefits may be backdated one calendar week before the Sunday of the week the application

was actually filed if the applicant requests the backdating at the time the application is filed. An application may be backdated only if the applicant was unemployed during the period of the backdating. If an individual attempted to file an application for unemployment benefits, but was prevented from filing an application by the department, the application is effective the Sunday of the calendar week the individual first attempted to file an application.

(b) A benefit account established under subdivision 2 is effective the date the application for unemployment benefits was effective.

(c) A benefit account, once established, may later be withdrawn only if:

(1) the applicant has not been paid any unemployment benefits on that benefit account; and

(2) a new application for unemployment benefits is filed and a new benefit account is established at the time of the withdrawal.

A determination or amended determination of eligibility or ineligibility issued under section 268.101, that was sent before the withdrawal of the benefit account, remains in effect and is not voided by the withdrawal of the benefit account.

(d) An application for unemployment benefits is not allowed before the Sunday following the expiration of the benefit year on a prior benefit account. Except as allowed under paragraph (c), an applicant may establish only one benefit account each 52 calendar weeks. This paragraph applies to benefit accounts established under any federal law or the law of any other state.

**EFFECTIVE DATE.** This section is effective August 2, 2015.

Sec. 8. Minnesota Statutes 2014, section 268.085, subdivision 1, is amended to read:

Subdivision 1. **Eligibility conditions.** An applicant may be eligible to receive unemployment benefits for any week if:

(1) the applicant has filed a continued request for unemployment benefits for that week under section 268.0865;

(2) the week for which unemployment benefits are requested is in the applicant's benefit year;

(3) the applicant was unemployed as defined in section 268.035, subdivision 26;

(4) the applicant was available for suitable employment as defined in subdivision 15. The applicant's weekly unemployment benefit amount is reduced one-fifth for each day the applicant is unavailable for suitable employment. This clause does not apply to an applicant who is in reemployment assistance training, or each day the applicant is on jury duty or serving as an election judge;

(5) the applicant was actively seeking suitable employment as defined in subdivision 16. This clause does not apply to an applicant who is in reemployment assistance training or who was on jury duty throughout the week;

(6) the applicant has served a nonpayable period of one week that the applicant is otherwise entitled to some amount of unemployment benefits. This clause does not apply if the applicant would have been entitled

to federal disaster unemployment assistance because of a disaster in Minnesota, but for the applicant's establishment of a benefit account under section 268.07; and

(7) the applicant has been participating in reemployment assistance services, such as job development of, and adherence to, a work search and resume writing classes plan, if the applicant has been determined in need of reemployment assistance services directed to participate by the commissioner, unless. This clause does not apply if the applicant has good cause for failing to participate.

**EFFECTIVE DATE.** This section is effective August 2, 2015.

Sec. 9. Minnesota Statutes 2014, section 268.085, subdivision 2, is amended to read:

Subd. 2. **Not eligible.** An applicant is ineligible for unemployment benefits for any week:

(1) that occurs before the effective date of a benefit account;

(2) that the applicant, at the beginning of the week, has an outstanding fraud overpayment balance under section 268.18, subdivision 2, including any penalties and interest;

(3) that occurs in a period when the applicant is a student in attendance at, or on vacation from a secondary school including the period between academic years or terms;

(4) that the applicant is incarcerated or performing court-ordered community service. The applicant's weekly unemployment benefit amount is reduced by one-fifth for each day the applicant is incarcerated or performing court-ordered community service;

(5) that the applicant fails or refuses to provide information on an issue of ineligibility required under section 268.101;

(6) that the applicant is performing services 32 hours or more, in employment, covered employment, noncovered employment, volunteer work, or self-employment regardless of the amount of any earnings; or

(7) with respect to which the applicant ~~is receiving, has received, or has filed an application for unemployment benefits under any federal law or the law of any other state.~~ If the appropriate agency finally determines that the applicant is not entitled to the unemployment benefits establish a benefit account under federal law or the law of any other state, this clause does not apply.

**EFFECTIVE DATE.** This section is effective August 2, 2015.

Sec. 10. Minnesota Statutes 2014, section 268.095, subdivision 10, is amended to read:

Subd. 10. **Ineligibility duration.** (a) Ineligibility from the payment of all unemployment benefits under subdivisions 1 and 4 is for the duration of the applicant's unemployment and until the end of the calendar week that the applicant had total wages paid for actual work performed in subsequent covered employment sufficient to meet one-half of the requirements of section 268.07, subdivision 2, paragraph (a).

(b) Ineligibility imposed under subdivisions 1 and 4 begins on the Sunday of the week that the applicant became separated from employment.

(c) In addition to paragraph (a), if the applicant was discharged from employment because of aggravated employment misconduct, wage credits from that employment are canceled and cannot be used for purposes of a benefit account under section 268.07, subdivision 2.

**EFFECTIVE DATE.** This section is effective August 2, 2015.

Sec. 11. Minnesota Statutes 2014, section 268.105, subdivision 3, is amended to read:

Subd. 3. **Withdrawal of an appeal.** (a) ~~Any~~ An appeal that is pending before an unemployment law judge may be withdrawn by the appealing ~~person party~~, or an authorized representative of that ~~person party~~, ~~upon~~ by filing of a notice of withdrawal. A notice of withdrawal may be filed by mail or by electronic transmission.

(b) The appeal must, by order, be dismissed if a notice of withdrawal is filed, unless an unemployment law judge directs that ~~further adjudication is~~ proceedings are required for a proper result. An order of dismissal issued as a result of a notice of withdrawal is not subject to reconsideration or appeal.

(c) ~~A notice of withdrawal may be filed by mail or by electronic transmission. A party may file a new appeal after the order of dismissal, but the original 20-calendar-day period for appeal begins from the date of issuance of the determination and that time period is not suspended or restarted by the notice of withdrawal and order of dismissal. The new appeal may only be filed by mail or facsimile transmission.~~

(d) For purposes of this subdivision, "appeals" includes a request for reconsideration filed under subdivision 2.

**EFFECTIVE DATE.** This section is effective August 2, 2015.

Sec. 12. Minnesota Statutes 2014, section 268.105, subdivision 7, is amended to read:

Subd. 7. **Judicial review.** (a) The Minnesota Court of Appeals must, by writ of certiorari to the department, review the unemployment law judge's decision on reconsideration, provided a petition for the writ is filed with the court and a copy is served upon the unemployment law judge or the commissioner and any other party within 30 calendar days of the sending of the unemployment law judge's decision on reconsideration under subdivision 2. Three days are added to the 30-calendar-day period if the decision on reconsideration was mailed to the parties.

(b) Any employer petitioning for a writ of certiorari must pay to the court the required filing fee in accordance with the Rules of Civil Appellate Procedure. If the employer requests a written transcript of the testimony received at the hearing conducted under subdivision 1, the employer must pay to the department the cost of preparing the transcript. That money is credited to the administration account.

(c) Upon issuance by the Minnesota Court of Appeals of a writ of certiorari as a result of an applicant's petition, the department must furnish to the applicant at no cost a written transcript of any testimony received at the hearing conducted under subdivision 1, and, if requested, a copy of all exhibits entered into evidence. No filing fee or cost bond is required of an applicant petitioning the Minnesota Court of Appeals for a writ of certiorari.

(d) The Minnesota Court of Appeals may affirm the decision of the unemployment law judge or remand the case for further proceedings; or it may reverse or modify the decision if the substantial rights of the petitioner may have been prejudiced because the findings, inferences, conclusion, or decision are:

- (1) in violation of constitutional provisions;
- (2) in excess of the statutory authority or jurisdiction of the department;
- (3) made upon unlawful procedure;
- (4) affected by other error of law;
- (5) unsupported by substantial evidence in view of the entire record as submitted; or
- (6) arbitrary or capricious.

(e) The department is considered the primary responding party to any judicial action involving an unemployment law judge's decision. The department may be represented by an attorney licensed to practice law in Minnesota who is an employee of the department.

**EFFECTIVE DATE.** This section is effective August 2, 2015.

Sec. 13. Minnesota Statutes 2014, section 268.136, subdivision 1, is amended to read:

Subdivision 1. **Shared work plan requirements.** An employer may submit a proposed shared work plan for an employee group to the commissioner for approval in a manner and format set by the commissioner. The proposed shared work plan must include:

(1) a certified statement that the normal weekly hours of work of all of the proposed participating employees were full time or regular part time but are now reduced, or will be reduced, with a corresponding reduction in pay, in order to prevent layoffs;

(2) the name and Social Security number of each participating employee;

(3) the number of layoffs that would have occurred absent the employer's ability to participate in a shared work plan;

(4) a certified statement that each participating employee was first hired by the employer at least one year before the proposed shared work plan is submitted and is not a seasonal, temporary, or intermittent worker;

(5) the hours of work each participating employee will work each week for the duration of the shared work plan, which must be at least 50 percent of the normal weekly hours but no more than ~~90~~ 80 percent of the normal weekly hours, except that the plan may provide for a uniform vacation shutdown of up to two weeks;

(6) a certified statement that any health benefits and pension benefits provided by the employer to participating employees will continue to be provided under the same terms and conditions as though the participating employees' hours of work each week had not been reduced;

(7) a certified statement that the terms and implementation of the shared work plan is consistent with the employer's obligations under state and federal law;

(8) an acknowledgement that the employer understands that unemployment benefits paid under a shared work plan will be used in computing the future tax rate of a taxpaying employer or charged to the reimbursable account of a nonprofit or government employer;

(9) the proposed duration of the shared work plan, which must be at least two months and not more than one year, although a plan may be extended for up to an additional year upon approval of the commissioner;

(10) a starting date beginning on a Sunday at least 15 calendar days after the date the proposed shared work plan is submitted; and

(11) a signature of an owner or officer of the employer who is listed as an owner or officer on the employer's account under section 268.045.

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

Sec. 14. Minnesota Statutes 2014, section 268.188, is amended to read:

**268.188 SUBPOENAS; OATHS.**

(a) The commissioner or an unemployment law judge has authority to administer oaths and affirmations, take depositions, certify to official acts, and issue subpoenas to compel the attendance of individuals and the production of documents and other personal property necessary in connection with the administration of the Minnesota unemployment insurance program.

(b) Individuals subpoenaed, other than applicants or officers and employees of an employer that is the subject of the inquiry, are paid witness fees the same as witness fees in civil actions in district court. The fees need not be paid in advance.

(c) The subpoena is enforceable through the district court in Ramsey County.

**EFFECTIVE DATE.** This section is effective August 2, 2015.

Sec. 15. Minnesota Statutes 2014, section 268.194, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** There is established as a special state trust fund, separate and apart from all other public money or funds of this state, an unemployment insurance trust fund, that is administered by the commissioner exclusively for the payment of unemployment benefits. This trust fund consists of:

(1) all taxes collected;

(2) interest earned upon any money in the trust fund;

(3) reimbursements paid by nonprofit organizations and the state and political subdivisions;

(4) tax rate buydown payments under section 268.051, subdivision 7;

(5) any money received as a loan from the federal unemployment trust fund in accordance with United States Code, title 42, section 1321, of the Social Security Act;

(6) any other money received under a reciprocal unemployment benefit arrangement with the federal government or any other state;

(7) money recovered on overpaid unemployment benefits ~~except, if allowed by federal law, five percent of any recovered amount is credited to the administration account;~~

(8) all money credited to the account under this chapter;

(9) all money credited to the account of Minnesota in the federal unemployment trust fund under United States Code, title 42, section 1103, of the Social Security Act, also known as the Reed Act; and

(10) all money received for the trust fund from any other source.

**EFFECTIVE DATE.** This section is effective August 2, 2015.

Sec. 16. **SPECIAL UNEMPLOYMENT BENEFIT ASSISTANCE.**

Notwithstanding Minnesota Statutes, section 268.085, subdivision 3, paragraph (a), vacation pay will not delay unemployment benefit eligibility to an applicant who has been indefinitely laid off due to lack of work as a result of adverse trade impacts and is not expected to be recalled within six months by the employer from which the applicant was laid off. This section does not apply to seasonal workers.

**EFFECTIVE DATE.** This section is effective the day following final enactment and is retroactive to March 1, 2015. This section expires on June 1, 2016.

Sec. 17. **POULTRY WORKER EXTRA UNEMPLOYMENT BENEFITS.**

Subdivision 1. **Extra benefits; availability.** Extra unemployment benefits are available to an applicant if the applicant was laid off by:

(1) a commercial poultry producer as a result of the confirmed presence of highly pathogenic avian influenza in the commercial poultry producer's flock; or

(2) a commercial poultry processor as a result of the confirmed presence of highly pathogenic avian influenza in the flock of its poultry supplier.

Subd. 2. **Payment from fund.** Extra unemployment benefits are payable from the unemployment insurance trust fund.

Subd. 3. **Eligibility conditions.** An applicant is eligible to receive extra unemployment benefits under this section for any week through December 31, 2016, following the effective date of the applicant's benefit account of regular unemployment benefits, as a result of a layoff described under subdivision 1, if:

(1) a majority of the applicant's wage credits were with a commercial poultry producer or processor described in subdivision 1;

(2) the applicant meets the eligibility requirements of Minnesota Statutes, section 268.085;

(3) the applicant is not subject to a disqualification under Minnesota Statutes, section 268.095; and

(4) the applicant is not entitled to regular unemployment benefits and the applicant is not entitled to receive unemployment benefits under any other state or federal law for that week.

Subd. 4. **Weekly amount of extra benefits.** The weekly extra unemployment benefits amount available to an applicant is the same as the applicant's weekly regular unemployment benefit amount on the benefit account established as a result of a layoff under subdivision 1.

**Subd. 5. Maximum amount of extra unemployment benefits.** (a) The maximum amount of extra unemployment benefits available is equal to 13 weeks at the applicant's weekly extra unemployment benefits amount.

(b) If an applicant qualifies for a new regular benefit account under Minnesota Statutes, section 268.07, at any time after exhausting regular unemployment benefits as a result of the layoff under subdivision 1, the applicant must apply for and exhaust entitlement to those new regular unemployment benefits.

**Subd. 6. Program expiration.** The extra unemployment benefit program under this section expires on December 31, 2016. No extra unemployment benefits may be paid for any week after the expiration of the program.

**EFFECTIVE DATE.** This section is effective August 2, 2015.

Sec. 18. **REPEALER.**

Minnesota Statutes 2014, section 268.042, subdivision 4, is repealed.

**EFFECTIVE DATE.** This section is effective August 2, 2015.

## ARTICLE 7

### STATE GOVERNMENT OPERATIONS

Section 1. Laws 2014, chapter 211, section 13, is amended to read:

Sec. 13. **EFFECTIVE DATE.**

Sections 1 to 3 and 6 to 11 are effective July 1, ~~2015~~ 2016. Sections 4, 5, and 12 are effective July 1, 2014.

**EFFECTIVE DATE.** This section is effective the day following final enactment. Until July 1, 2016, any employee, employer, employee or employer organization, exclusive representative, or any other person or organization aggrieved by an unfair labor practice as defined in Minnesota Statutes, section 179A.13, may bring an action for injunctive relief and for damages caused by the unfair labor practice in the district court of the county in which the practice is alleged to have occurred.

## ARTICLE 8

### DESTINATION MEDICAL CENTER

Section 1. Minnesota Statutes 2014, section 469.40, subdivision 11, as amended by Laws 2015, chapter 1, section 6, is amended to read:

**Subd. 11. Public infrastructure project.** (a) "Public infrastructure project" means a project financed in part or in whole with public money in order to support the medical business entity's development plans, as identified in the DMCC development plan. A public infrastructure project may:

- (1) acquire real property and other assets associated with the real property;



(2) demolish, repair, or rehabilitate buildings;

(3) remediate land and buildings as required to prepare the property for acquisition or development;

(4) install, construct, or reconstruct elements of public infrastructure required to support the overall development of the destination medical center development district including, but not limited to, streets, roadways, utilities systems and related facilities, utility relocations and replacements, network and communication systems, streetscape improvements, drainage systems, sewer and water systems, subgrade structures and associated improvements, landscaping, façade construction and restoration, wayfinding and signage, and other components of community infrastructure;

(5) acquire, construct or reconstruct, and equip parking facilities and other facilities to encourage intermodal transportation and public transit;

(6) install, construct or reconstruct, furnish, and equip parks, cultural, and recreational facilities, facilities to promote tourism and hospitality, conferencing and conventions, and broadcast and related multimedia infrastructure;

(7) make related site improvements including, without limitation, excavation, earth retention, soil stabilization and correction, and site improvements to support the destination medical center development district;

(8) prepare land for private development and to sell or lease land;

(9) provide costs of relocation benefits to occupants of acquired properties; and

(10) construct and equip all or a portion of one or more suitable structures on land owned by the city for sale or lease to private development; provided, however, that the portion of any structure directly financed by the city as a public infrastructure project must not be sold or leased to a medical business entity.

(b) A public infrastructure project is not a business subsidy under section 116J.993.

(c) Public infrastructure project includes the planning, preparation, and modification of the development plan under section 469.43, and ~~and~~ The cost of that planning, preparation, and any modification is a capital cost of the public infrastructure project.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3, and applies retroactively to the original effective dates of the laws that are amended.

Sec. 2. Minnesota Statutes 2014, section 469.43, is amended by adding a subdivision to read:

Subd. 6a. **Restriction on city funds to support nonprofit economic development agency.** The nonprofit economic development agency shall not require the city to pay any amounts to the nonprofit economic development agency that are unrelated to public infrastructure project costs.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3, and applies retroactively from June 22, 2013.

Sec. 3. Minnesota Statutes 2014, section 469.45, subdivision 1, is amended to read:

Subdivision 1. **Rochester, other local taxes authorized.** (a) Notwithstanding section 477A.016 or any other contrary provision of law, ordinance, or city charter, and in addition to any taxes the city may impose on these transactions under another statute or law, the city of Rochester may, by ordinance, impose at a rate or rates, determined by the city, any of the following taxes:

(1) a tax on the gross receipts from the furnishing for consideration of lodging and related services as defined in section 297A.61, subdivision 3, paragraph (g), clause (2); the city may choose to impose a differential tax based on the number of rooms in the facility;

(2) a tax on the gross receipts of food and beverages sold primarily for consumption on the premises by restaurants and places of refreshment that occur in the city of Rochester; the city may elect to impose the tax in a defined district of the city; and

(3) a tax on the admission receipts to entertainment and recreational facilities, as defined by ordinance, in the city of Rochester.

(b) The provisions of section 297A.99, subdivisions 4 to 13, govern the administration, collection, and enforcement of any tax imposed by the city under paragraph (a).

(c) The proceeds of any taxes imposed under this subdivision, less refunds and costs of collection, must be used by the city only to meet its share of obligations for public infrastructure projects contained in the development plan and approved by the corporation, including any associated financing costs or to pay any other costs qualifying as a local matching contribution under section 469.47, subdivision 4. Any tax imposed under paragraph (a) expires at the earlier of December 31, 2049, or when the city council determines that sufficient funds have been raised from the tax plus all other local funding sources authorized in Laws 2013, chapter 143, article 10, to meet the city obligation for financing public infrastructure projects contained in the development plan and approved by the corporation, including any associated financing costs.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3, and applies retroactively to the original effective dates of the laws that are amended.

Sec. 4. Minnesota Statutes 2014, section 469.45, subdivision 2, is amended to read:

Subd. 2. **General sales tax authority.** The city may elect to extend the existing local sales and use tax under Laws 2013, chapter 143, article 10, section 13, or to impose an additional rate of up to one quarter of one percent tax on sales and use under Laws 2013, chapter 143, article 10, section 11. The proceeds of any extended or additional taxes imposed under this subdivision, less refunds and costs of collection, must be used by the city only to meet its share of obligations for public infrastructure projects contained in the development plan and approved by the corporation, including all financing costs. Revenues collected in any year to meet the obligations must be used for payment of obligations or expenses for public infrastructure projects approved by the corporation or of any other costs qualifying as a local matching contribution under section 469.47, subdivision 4.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3, and applies retroactively to the original effective dates of the laws that are amended.

Sec. 5. Minnesota Statutes 2014, section 469.47, subdivision 4, as amended by Laws 2015, chapter 1, section 10, is amended to read:

Subd. 4. **General aid; local matching contribution.** In order to qualify for general state infrastructure aid, the city must enter a written agreement with the commissioner that requires the city to make a qualifying local matching contribution to pay for \$128,000,000 of the cost of public infrastructure projects approved by the corporation, including financing costs, using funds other than state aid received under this section. The ~~\$128,000,000~~ required local matching contribution is reduced by ~~one-half of the~~ any amounts the city pays for ~~operating and administrative costs~~ out of funds other than state aid received under this section for the support, administration, or operations of the corporation and the economic development agency up to a maximum amount agreed to by the board and the city. These amounts include any costs the city incurs in providing services, goods, or other support to the corporation or agency. The agreement must provide for the manner, timing, and amounts of the city contributions, including the city's commitment for each year. Notwithstanding any law to the contrary, the agreement may provide that the city contributions for public infrastructure project principal costs may be made over a 20-year period at a rate not greater than \$1 from the city for each \$2.55 from the state. The local match contribution may be provided by the city from any source identified in section 469.45 and any other local tax proceeds or other funds from the city and may include providing funds to prepare the development plan, to assist developers undertaking projects in accordance with the development plan, or by the city directly undertaking public infrastructure projects in accordance with the development plan, provided the projects have been approved by the corporation. City contributions that are in excess of this ratio carry forward and are credited toward subsequent years. The commissioner and city may agree to amend the agreement at any time in light of new information or other appropriate factors. The city may enter into arrangements with the county to pay for or otherwise meet the local matching contribution requirement. Any public infrastructure project within the area that will be in the destination medical center development district whose implementation is started or funded by the city after June 22, 2013, but before the development plan is adopted, as provided by section 469.43, subdivision 1, will be included for the purposes of determining the amount the city has contributed as required by this section and the agreement with the commissioner, subject to approval by the corporation.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3, and applies retroactively to the original effective dates of the laws that are amended.

Presented to the governor June 13, 2015

Signed by the governor June 13, 2015, 1:48 p.m.