

**CHAPTER 94--S.F.No. 1456**

*An act relating to state government; appropriating money for jobs and economic development; appropriating money for the Department of Employment and Economic Development, Housing Finance Agency, Department of Labor and Industry, Bureau of Mediation Services, Public Employment Relations Board, Workers' Compensation Court of Appeals, Department of Commerce, Public Utilities Commission, and Public Facilities Authority; making policy and housekeeping changes to labor and industry provisions; making policy changes to employment, economic development, and workforce development provisions; making policy changes to the Department of Iron Range Resources and Rehabilitation; making changes related to workers' compensation; making changes to commerce, energy, and telecommunications policy; making other housing and miscellaneous policy changes; modifying fees; requiring reports; authorizing rulemaking; amending Minnesota Statutes 2016, sections 3.732, subdivision 1; 3.736, subdivision 3; 3.8851, subdivision 1; 15.01; 15.38, subdivision 7; 15A.0815, subdivision 3; 16B.323; 43A.02, subdivision 22; 45.0135, subdivision 6; 46.131, subdivision 7, by adding a subdivision; 65B.84, subdivision 1; 80A.61; 80A.65, subdivision 2; 85.0146, subdivision 1; 116C.779, subdivision 1; 116C.7792; 116D.04, subdivision 1a; 116J.423, subdivision 2; 116J.424; 116J.8731, subdivision 2, by adding a subdivision; 116J.8748, subdivisions 1, 3, 4, 6; 116J.994, subdivisions 3, 5, 7; 116L.17, subdivision 1; 116L.665; 116M.14, subdivision 4; 116M.17, subdivision 4; 116M.18, subdivisions 1a, 4, 4a, 8; 175.45; 176.135, by adding a subdivision; 176.1362, subdivisions 1, 2; 176.275, subdivision 1; 176.285; 176.361, subdivisions 2, 3; 176.521, by adding a subdivision; 176.541, subdivisions 1, 8, by adding a subdivision; 176.611, subdivision 2; 216B.161, subdivision 1; 216B.164, subdivisions 2, 5, 9, by adding a subdivision; 216B.1691, subdivision 2f; 216B.1694, subdivisions 1, 3; 216B.241, subdivisions 1b, 1c, 1d, 2, 5, 5d, 7; 216B.2422, subdivisions 2, 4; 216B.2424, by adding a subdivision; 216B.62, subdivision 3b; 216C.05, subdivision 2; 216C.435, by adding a subdivision; 216H.03, subdivisions 3, 4, 7; 237.162, subdivisions 2, 4, 9, by adding subdivisions; 237.163, subdivisions 2, 4, 6, 7, by adding subdivisions; 276A.01, subdivisions 8, 17; 276A.06, subdivision 8; 282.38, subdivisions 1, 3; 297I.11, subdivision 2; 298.001, subdivision 8, by adding a subdivision; 298.018, subdivision 1; 298.17; 298.22, subdivisions 1, 1a, 5a, 6, 10, 11, by adding subdivisions; 298.221; 298.2211, subdivisions 3, 6; 298.2212; 298.223, subdivisions 1, 2; 298.227; 298.27; 298.28, subdivisions 7, 7a, 9c, 9d, 11; 298.292, subdivision 2; 298.296; 298.2961; 298.297; 298.46, subdivisions 2, 5, 6; 325J.06; 326B.092, subdivision 7; 326B.153, subdivision 1; 326B.37, by adding subdivisions; 326B.435, subdivision 2; 326B.50, subdivision 3, by adding subdivisions; 326B.55, subdivisions 2, 4; 326B.89, subdivisions 1, 5; 327C.01, by adding a subdivision; 345.42, by adding a subdivision; 345.49; 462.355, subdivision 4; 462A.201, subdivision 2; 462A.2035; 462A.204, subdivision 8; 466.03, subdivision 6c; 469.310, subdivision 9; 474A.02, subdivision 21; Laws 2010, chapter 389, article 5, section 7; Laws 2014, chapter 211, section 13, as amended; Laws 2014, chapter 312, article 2, section 14, as amended; Laws 2015, First Special Session chapter 1, article 1, sections 2, subdivision 6; 5, subdivision 2; Laws 2016, chapter 189, article 7, section 46; Laws 2017, chapter 68, article 1, section 1; proposing coding for new law in Minnesota Statutes, chapters 72A; 116J; 175; 176; 216C; 239; 326B; 327C; 462A; 462C; 471; repealing Minnesota Statutes 2016, sections 3.8852; 46.131, subdivision 5; 116C.779, subdivision 3; 116J.549; 174.187; 176.541, subdivision 7; 216B.8109; 216B.811; 216B.812; 216B.813; 216B.815; 216C.411; 216C.412; 216C.413;*

*216C.414; 216C.415; 216C.416; 298.22, subdivision 8; 298.2213; 298.298; 326B.89, subdivision 14; Laws 2013, chapter 85, article 6, section 11; Minnesota Rules, parts 4355.0100; 4355.0200; 4355.0300; 4355.0400; 4355.0500.*

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

**ARTICLE 1**

**APPROPRIATIONS**

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

(a) 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 "2018" and "2019" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively. "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. "The biennium" is fiscal years 2018 and 2019.

(b) If an appropriation in this article is enacted more than once in the 2017 legislative session, the appropriation must be given effect only once.

**APPROPRIATIONS**

**Available for the Year**

**Ending June 30**

**2018**

**2019**

Sec. 2. **DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**

Subdivision 1. <b><u>Total Appropriation</u></b>	\$	<b><u>145,400,000</u></b>	\$	<b><u>119,478,000</u></b>
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**Appropriations by Fund**

	<b><u>2018</u></b>	<b><u>2019</u></b>
<u>General</u>	\$109,565,000	\$84,747,000
<u>Remediation</u>	\$700,000	\$700,000
<u>Workforce Development</u>	\$34,985,000	\$34,031,000
<u>Special Revenue</u>	\$150,000	-0-

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

Subd. 2. <b><u>Business and Community Development</u></b>	\$	<b><u>46,074,000</u></b>	\$	<b><u>40,935,000</u></b>
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Appropriations by Fund

<u>General</u>	<u>\$43,363,000</u>	<u>\$38,424,000</u>
<u>Remediation</u>	<u>\$700,000</u>	<u>\$700,000</u>
<u>Workforce Development</u>	<u>\$1,861,000</u>	<u>\$1,811,000</u>
<u>Special Revenue</u>	<u>\$150,000</u>	<u>-0-</u>

(a) \$4,195,000 each year is 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 spent.

(b) \$750,000 each year is for grants to the Neighborhood Development Center for small business programs:

- (1) training, lending, and business services;
- (2) model outreach and training in greater Minnesota; and
- (3) development of new business incubators.

This is a onetime appropriation.

(c) \$1,175,000 each year is for a grant to the Metropolitan Economic Development Association (MEDA) for statewide business development and assistance services, including services to entrepreneurs with businesses that have the potential to create job opportunities for unemployed and underemployed people, with an emphasis on minority-owned businesses. This is a onetime appropriation.

(d) \$125,000 each year is for a grant to the White Earth Nation for the White Earth Nation Integrated Business Development System to provide business assistance with workforce development, outreach, technical assistance, infrastructure and operational support, financing, and other business development activities. This is a onetime appropriation.

(e)(1) \$12,500,000 each year is for the Minnesota investment fund under Minnesota Statutes, section 116J.8731. Of this amount, the commissioner of

employment and economic development may use up to three percent for administration and monitoring of the program. This appropriation is available until spent.

(2) Of the amount appropriated in fiscal year 2018, \$4,000,000 is for a loan to construct and equip a wholesale electronic component distribution center investing a minimum of \$200,000,000 and constructing a facility at least 700,000 square feet in size. Loan funds may be used for purchases of materials, supplies, and equipment for the construction of the facility and are available from July 1, 2017, to June 30, 2021. The commissioner of employment and economic development shall forgive the loan after verification that the project has satisfied performance goals and contractual obligations as required under Minnesota Statutes, section 116J.8731.

(3) Of the amount appropriated in fiscal year 2018, \$700,000 is for a loan to extend an effluent pipe that will deliver reclaimed water to an innovative waste-to-biofuel project investing a minimum of \$150,000,000 and constructing a facility that is designed to process approximately 400,000 tons of waste annually. Loan funds are available until June 30, 2021.

(f) \$8,500,000 each year is for the Minnesota job creation fund under Minnesota Statutes, section 116J.8748. Of this amount, the commissioner of employment and economic development may use up to three percent for administrative expenses. This appropriation is available until expended. In fiscal year 2020 and beyond, the base amount is \$8,000,000.

(g) \$1,647,000 each year is for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until spent. In fiscal year 2020 and beyond, the base amount is \$1,772,000.

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

(i) \$163,000 each year is 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.

(j) \$500,000 each year is 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 June 30, 2021.

(k) \$139,000 each year is for a grant to the Rural Policy and Development Center under Minnesota Statutes, section 116J.421.

(l)(1) \$1,300,000 each year is for the greater Minnesota business development public infrastructure grant program under Minnesota Statutes, section 116J.431. This appropriation is available until spent. If the appropriation for either year is insufficient, the appropriation for the other year is available. In fiscal year 2020 and beyond, the base amount is \$1,787,000. Funds available under this paragraph may be used for site preparation of property owned and to be used by private entities.

(2) Of the amounts appropriated, \$1,600,000 in fiscal year 2018 is for a grant to the city of Thief River Falls to support utility extensions, roads, and other public improvements related to the construction of a wholesale electronic component distribution center at least 700,000 square feet in size and investing a minimum of \$200,000,000. Notwithstanding Minnesota Statutes, section 116J.431, a local match is not required. Grant funds are available from July 1, 2017, to June 30, 2021.

(m) \$876,000 the first year and \$500,000 the second year are for the Minnesota emerging entrepreneur loan program under Minnesota Statutes, section 116M.18. Funds available under this paragraph are for transfer into the emerging entrepreneur program special revenue fund account created under Minnesota Statutes, chapter 116M, and are available until spent. Of this amount, up to four percent is for administration

and monitoring of the program. In fiscal year 2020 and beyond, the base amount is \$1,000,000.

(n) \$875,000 each year is for a grant to Enterprise Minnesota, Inc. for the small business growth acceleration program under Minnesota Statutes, section 116O.115. This is a onetime appropriation.

(o) \$250,000 in fiscal year 2018 is for a grant to the Minnesota Design Center at the University of Minnesota for the greater Minnesota community design pilot project.

(p) \$275,000 in fiscal year 2018 is from the general fund to the commissioner of employment and economic development for a grant to Community and Economic Development Associates (CEDA) for an economic development study and analysis of the effects of current and projected economic growth in southeast Minnesota. CEDA shall report on the findings and recommendations of the study to the committees of the house of representatives and senate with jurisdiction over economic development and workforce issues by February 15, 2019. All results and information gathered from the study shall be made available for use by cities in southeast Minnesota by March 15, 2019. This appropriation is available until June 30, 2020.

(q) \$2,000,000 in fiscal year 2018 is for a grant to Pillsbury United Communities for construction and renovation of a building in north Minneapolis for use as the "North Market" grocery store and wellness center, focused on offering healthy food, increasing health care access, and providing job creation and economic opportunities in one place for children and families living in the area. To the extent possible, Pillsbury United Communities shall employ individuals who reside within a five mile radius of the grocery store and wellness center. This appropriation is not available until at least an equal amount of money is committed from nonstate sources. This appropriation is available until the project is completed or abandoned, subject to Minnesota Statutes, section 16A.642.

(r) \$1,425,000 each year is 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.

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

(t) \$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 spent.

(u) \$161,000 each year is from the workforce development fund for a grant to the Rural Policy and Development Center. This is a onetime appropriation.

(v) \$300,000 each year is from the workforce development fund for a grant to Enterprise Minnesota, Inc. This is a onetime appropriation.

(w) \$50,000 in fiscal year 2018 is from the workforce development fund for a grant to Fighting Chance for behavioral intervention programs for at-risk youth.

(x) \$1,350,000 each year is from the workforce development fund for job training grants under Minnesota Statutes, section 116L.42.

(y)(1) \$519,000 in fiscal year 2018 is for grants to local communities to increase the supply of quality child care providers in order to support economic development. At least 60 percent of grant funds must go to communities located outside of the seven-county metropolitan area, as defined under Minnesota Statutes, section 473.121, subdivision 2. Grant recipients must obtain a 50 percent nonstate match to grant funds in either cash or in-kind contributions. Grant funds available under this paragraph must be used to implement solutions to reduce the child care shortage in the state including but not limited to funding for child care business start-ups or expansions, training, facility modifications or improvements required for licensing, and assistance with licensing and other regulatory requirements. In awarding grants, the

commissioner must give priority to communities that have documented a shortage of child care providers in the area.

(2) Within one year of receiving grant funds, grant recipients must report to the commissioner on the outcomes of the grant program including but not limited to the number of new providers, the number of additional child care provider jobs created, the number of additional child care slots, and the amount of local funds invested.

(3) By January 1 of each year, starting in 2019, the commissioner must report to the standing committees of the legislature having jurisdiction over child care and economic development on the outcomes of the program to date.

(z) \$319,000 in fiscal year 2018 is from the general fund for a grant to the East Phillips Improvement Coalition to create the East Phillips Neighborhood Institute (EPNI) to expand culturally tailored resources that address small business growth and create green jobs. The grant shall fund the collaborative work of Tamales y Bicicletas, Little Earth of the United Tribes, a nonprofit serving East Africans, and other coalition members towards developing EPNI as a community space to host activities including, but not limited to, creation and expansion of small businesses, culturally specific entrepreneurial activities, indoor urban farming, job training, education, and skills development for residents of this low-income, environmental justice designated neighborhood. Eligible uses for grant funds include, but are not limited to, planning and start-up costs, staff and consultant costs, building improvements, rent, supplies, utilities, vehicles, marketing, and program activities. The commissioner shall submit a report on grant activities and quantifiable outcomes to the committees of the house of representatives and the senate with jurisdiction over economic development by December 15, 2020. This appropriation is available until June 30, 2020.

(aa) \$150,000 the first year is from the renewable development account in the special revenue fund established in Minnesota Statutes, section



116C.779, subdivision 1, to conduct the biomass facility closure economic impact study.

(bb)(1)\$300,000 in fiscal year 2018 is for a grant to East Side Enterprise Center (ESEC) to expand culturally tailored resources that address small business growth and job creation. This appropriation is available until June 30, 2020. The appropriation shall fund the work of African Economic Development Solutions, the Asian Economic Development Association, the Dayton's Bluff Community Council, and the Latino Economic Development Center in a collaborative approach to economic development that is effective with smaller, culturally diverse communities that seek to increase the productivity and success of new immigrant and minority populations living and working in the community. Programs shall provide minority business growth and capacity building that generate wealth and jobs creation for local residents and business owners on the East Side of St. Paul.

(2) In fiscal year 2019 ESEC shall use funds to share its integrated service model and evolving collaboration principles with civic and economic development leaders in greater Minnesota communities which have diverse populations similar to the East Side of St. Paul. ESEC shall submit a report of activities and program outcomes, including quantifiable measures of success annually to the house of representatives and senate committees with jurisdiction over economic development.

(cc) \$150,000 in fiscal year 2018 is for a grant to Mille Lacs County for the purpose of reimbursement grants to small resort businesses located in the city of Isle with less than \$350,000 in annual revenue, at least four rental units, which are open during both summer and winter months, and whose business was adversely impacted by a decline in walleye fishing on Lake Mille Lacs.

(dd)(1) \$250,000 in fiscal year 2018 is for a grant to the Small Business Development Center hosted at Minnesota State University, Mankato, for a collaborative initiative with the Regional Center for Entrepreneurial Facilitation. Funds available under this section must be used to provide

entrepreneur and small business development direct professional business assistance services in the following counties in Minnesota: Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Watonwan, and Waseca. For the purposes of this section, "direct professional business assistance services" must include, but is not limited to, pre-venture assistance for individuals considering starting a business. This appropriation is not available until the commissioner determines that an equal amount is committed from nonstate sources. Any balance in the first year does not cancel and is available for expenditure in the second year.

(2) Grant recipients shall report to the commissioner by February 1 of each year and include information on the number of customers served in each county; the number of businesses started, stabilized, or expanded; the number of jobs created and retained; and business success rates in each county. By April 1 of each year, the commissioner shall report the information submitted by grant recipients to the chairs of the standing committees of the house of representatives and the senate having jurisdiction over economic development issues.

(ee) \$500,000 in fiscal year 2018 is for the central Minnesota opportunity grant program established under Minnesota Statutes, section 116J.9922. This appropriation is available until June 30, 2022.

<u>Subd. 3. <b>Workforce Development</b></u>	<u>\$</u>	<u>31,498,000</u>	<u>\$</u>	<u>30,231,000</u>
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Appropriations by Fund

<u>General</u>	<u>\$6,239,000</u>	<u>\$5,889,000</u>
<u>Workforce Development</u>	<u>\$25,259,000</u>	<u>\$24,342,000</u>

(a) \$500,000 each year is for the youth-at-work competitive grant program under Minnesota Statutes, section 116L.562. 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. In fiscal year 2020 and beyond, the base amount is \$750,000.

(b) \$250,000 each year is for pilot programs in the workforce service areas to combine career and higher education advising.

(c) \$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 of employment and economic development, 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.

(d) \$1,000,000 each year is for a grant to the Construction Careers Foundation for the construction career pathway initiative to provide year-round educational and experiential learning opportunities for teens and young adults under the age of 21 that lead to careers in the construction industry. This is a onetime appropriation. Grant funds must be used to:

(1) increase construction industry exposure activities for middle school and high school youth, parents, and counselors to reach a more diverse demographic and broader statewide audience. This requirement includes, but is not limited to, an expansion of programs to provide experience in different crafts to youth and young adults throughout the state;

(2) increase the number of high schools in Minnesota offering construction classes during the academic year that utilize a multicraft curriculum;

(3) increase the number of summer internship opportunities;

(4) enhance activities to support graduating seniors in their efforts to obtain employment in the construction industry;

(5) increase the number of young adults employed in the construction industry and ensure that they reflect Minnesota's diverse workforce; and

(6) enhance an industrywide marketing campaign targeted to youth and young adults about the depth and breadth of careers within the construction industry.

Programs and services supported by grant funds must give priority to individuals and groups that are economically disadvantaged or historically underrepresented in the construction industry, including but not limited to women, veterans, and members of minority and immigrant groups.

(e) \$1,539,000 each year from the general fund and \$4,604,000 each year from the workforce development fund are for the Pathways to Prosperity adult workforce development competitive grant program. Of this amount, up to four percent is for administration and monitoring of the program. When awarding grants under this paragraph, the commissioner of employment and economic development may give preference to any previous grantee with demonstrated success in job training and placement for hard-to-train individuals. In fiscal year 2020 and beyond, the general fund base amount for this program is \$4,039,000.

(f) \$750,000 each year is for a competitive grant program to provide grants to organizations that provide support services for individuals, such as job training, employment preparation, internships, job assistance to fathers, financial literacy, academic and behavioral interventions for low-performing students, and youth intervention. Grants made under this section must focus on low-income communities, young adults from families with a history of intergenerational poverty, and communities of color. Of this amount, up to four percent is for administration and monitoring of the program. In fiscal year 2020 and beyond, the base amount is \$1,000,000.

(g) \$500,000 each year is for the women and high-wage, high-demand, nontraditional jobs grant program under Minnesota Statutes, section 116L.99. Of this amount, up to five percent is for administration and monitoring of the program. In fiscal year 2020 and beyond, the base amount is \$750,000.

(h) \$500,000 each year is for a competitive grant program for grants to organizations providing services to relieve economic disparities in the Southeast Asian community through workforce recruitment, development, job creation, assistance of smaller organizations to increase capacity, and outreach. Of this amount, up to five percent is for administration and monitoring of the program. In fiscal year 2020 and beyond, the base amount is \$1,000,000.

(i) \$250,000 each year is for a grant to the American Indian Opportunities and Industrialization Center, in collaboration with the Northwest Indian Community Development Center, to reduce academic disparities for American Indian students and adults. This is a onetime appropriation. The grant funds may be used to provide:

- (1) student tutoring and testing support services;
- (2) training in information technology;
- (3) assistance in obtaining a GED;
- (4) remedial training leading to enrollment in a postsecondary higher education institution;
- (5) real-time work experience in information technology fields; and
- (6) contextualized adult basic education.

After notification to the legislature, the commissioner may transfer this appropriation to the commissioner of education.

(j) \$100,000 each year is for the getting to work grant program. This is a onetime appropriation and is available until June 30, 2021.

(k) \$525,000 each year is from the workforce development fund for a grant to the YWCA of Minneapolis to provide economically challenged individuals the job skills training, career counseling, and job placement assistance necessary to secure a child development associate credential and to have a career path in early childhood education. This is a onetime appropriation.

(l) \$1,350,000 each year is 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 and graduate 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 Minnesota, having fewer than 250 employees worldwide. At least 300 students must be matched in the first year and at least 350 students must be matched in the second year. No more than 15 percent of the hires may be graduate students. 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 of women or other underserved populations. This is a onetime appropriation.

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

(n) \$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. This is a onetime appropriation.

(o) \$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 job skills and career development. This project, which may have career guidance components including health and life skills, is designed to encourage, train, and assist youth in early access to education and job-seeking skills, work-based learning experience including career pathways in STEM learning, career exploration and matching, and first job placement through local community partnerships and on-site job opportunities. This grant requires a 25 percent

match from nonstate resources. This is a onetime appropriation.

(p) \$215,000 each year is from the workforce development fund for grants 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. This is a onetime appropriation.

(q) \$250,000 each year is from the workforce development fund for a grant to YWCA St. Paul to provide job training services and workforce development programs and services, including job skills training and counseling. This is a onetime appropriation.

(r) \$1,000,000 each year is from the workforce development fund for a grant to EMERGE Community Development, in collaboration with community partners, for services targeting Minnesota communities with the highest concentrations of African and African-American joblessness, based on the most recent census tract data, to provide employment readiness training, credentialed training placement, job placement and retention services, supportive services for hard-to-employ individuals, and a general education development fast track and adult diploma program. This is a onetime appropriation.

(s) \$1,000,000 each year is from the workforce development fund for a grant to the Minneapolis Foundation for a strategic intervention program designed to target and connect program participants to meaningful, sustainable living-wage employment. This is a onetime appropriation.

(t) \$750,000 each year is from the workforce development fund for a grant to Latino Communities United in Service (CLUES) to expand culturally tailored programs that address employment and education skill gaps for working parents and underserved youth by providing new job skills training to stimulate higher wages for low-income people, family support systems designed to reduce intergenerational poverty, and

youth programming to promote educational advancement and career pathways. At least 50 percent of this amount must be used for programming targeted at greater Minnesota. This is a onetime appropriation.

(u) \$600,000 each year is from the workforce development fund for a grant to Ujamaa Place for job training, employment preparation, internships, education, training in the construction trades, housing, and organizational capacity building. This is a onetime appropriation.

(v) \$1,297,000 in the first year and \$800,000 in the second year 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. Of the amounts appropriated, \$497,000 in fiscal year 2018 is for a grant to Twin Cities RISE, in collaboration with Metro Transit and Hennepin Technical College for the Metro Transit technician training program. This is a onetime appropriation and funds are available until June 30, 2020.

(w) \$230,000 in fiscal year 2018 is from the workforce development fund for a grant to the Bois Forte Tribal Employment Rights Office (TERO) for an American Indian workforce development training pilot project.

(x) \$40,000 in fiscal year 2018 is from the workforce development fund for a grant to the Cook County Higher Education Board to provide educational programming and academic support services to remote regions in northeastern Minnesota. This appropriation is in addition to other funds previously appropriated to the board.

(y) \$250,000 each year is from the workforce development fund for a grant to Bridges to Healthcare to provide career education, wraparound support services, and job skills training in high-demand health care fields to low-income parents, nonnative speakers of English, and other hard-to-train individuals, helping families build secure pathways out of poverty while also addressing worker shortages in one of Minnesota's most innovative industries.



Funds may be used for program expenses, including, but not limited to, hiring instructors and navigators; space rental; and supportive services to help participants attend classes, including assistance with course fees, child care, transportation, and safe and stable housing. In addition, up to five percent of grant funds may be used for Bridges to Healthcare's administrative costs. This is a onetime appropriation and is available until June 30, 2020.

(z) \$500,000 each year is from the workforce development fund for a grant to the Nonprofits Assistance Fund to provide capacity-building grants to small, culturally specific organizations that primarily serve historically underserved cultural communities. Grants may only be awarded to nonprofit organizations that have an annual organizational budget of less than \$500,000 and are culturally specific organizations that primarily serve historically underserved cultural communities. Grant funds awarded must be used for:

(1) organizational infrastructure improvement, including developing database management systems and financial systems, or other administrative needs that increase the organization's ability to access new funding sources;

(2) organizational workforce development, including hiring culturally competent staff, training and skills development, and other methods of increasing staff capacity; or

(3) creation or expansion of partnerships with existing organizations that have specialized expertise in order to increase the capacity of the grantee organization to improve services for the community. Of this amount, up to five percent may be used by the Nonprofits Assistance Fund for administration costs and providing technical assistance to potential grantees. This is a onetime appropriation.

(aa) \$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.

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

(cc) \$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.

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

(ee) \$750,000 each year is from the workforce development fund for a grant to Summit Academy OIC to expand its contextualized GED and employment placement program. This is a onetime appropriation.

(ff) \$500,000 each year is from the workforce development fund for a grant to Goodwill-Easter Seals Minnesota and its partners. The grant shall be used to continue the FATHER Project in Rochester, Park Rapids, St. Cloud, Minneapolis, and the surrounding areas to assist fathers in overcoming barriers that prevent fathers from supporting their children economically and emotionally. This is a onetime appropriation.

(gg) \$150,000 each year is from the workforce development fund for displaced homemaker programs under Minnesota Statutes, section 116L.96. The commissioner shall distribute the funds to existing nonprofit and state displaced homemaker programs. This is a onetime appropriation.

(hh)(1) \$150,000 in fiscal year 2018 is from the workforce development fund for a grant to Anoka County to develop and implement a pilot program to increase competitive employment opportunities for transition-age youth ages 18 to 21.

(2) The competitive employment for transition-age youth pilot program shall include career guidance

components, including health and life skills, to encourage, train, and assist transition-age youth in job-seeking skills, workplace orientation, and job site knowledge.

(3) In operating the pilot program, Anoka County shall collaborate with schools, disability providers, jobs and training organizations, vocational rehabilitation providers, and employers to build upon opportunities and services, to prepare transition-age youth for competitive employment, and to enhance employer connections that lead to employment for the individuals served.

(4) Grant funds may be used to create an on-the-job training incentive to encourage employers to hire and train qualifying individuals. A participating employer may receive up to 50 percent of the wages paid to the employee as a cost reimbursement for on-the-job training provided.

(ii) \$500,000 each year is from the workforce development fund for rural career counseling coordinator positions in the workforce service areas and for the purposes specified in Minnesota Statutes, section 116L.667. The commissioner of employment and economic development, 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.

(jj) In calendar year 2017, the public utility subject to Minnesota Statutes, section 116C.779, must withhold \$1,000,000 from the funds required to fulfill its financial commitments under Minnesota Statutes, section 116C.779, subdivision 1, and pay such amounts to the commissioner of employment and economic development for deposit in the Minnesota 21st century fund under Minnesota Statutes, section 116J.423.

(kk) \$350,000 in fiscal year 2018 is for a grant to AccessAbility Incorporated to provide job skills training to individuals who have been released from incarceration for a felony-level offense and are no more than 12 months from the date of release. AccessAbility Incorporated shall annually

report to the commissioner on how the money was spent and the results achieved. The report must include, at a minimum, information and data about the number of participants; participant homelessness, employment, recidivism, and child support compliance; and training provided to program participants.

**Subd. 4. General Support Services** \$ 4,170,000 \$ 4,654,000

Appropriations by Fund

<u>General Fund</u>	<u>\$4,135,000</u>	<u>\$4,606,000</u>
<u>Workforce</u>		
<u>Development</u>	<u>\$35,000</u>	<u>\$48,000</u>

(a) \$250,000 each year is for the publication, dissemination, and use of labor market information under Minnesota Statutes, section 116J.401.

(b) \$1,269,000 each year is for transfer to the Minnesota Housing Finance Agency for operating the Olmstead Compliance Office.

(c) \$500,000 each year is for a statewide capacity-building grant program. The commissioner of employment and economic development shall, through a request for proposal process, select a nonprofit organization to administer the capacity-building grant program. The selected organization must have demonstrated experience in providing financial and technical assistance to nonprofit organizations statewide. The selected organization shall provide financial assistance in the form of subgrants and technical assistance to small to medium-sized nonprofit organizations offering, or seeking to offer, workforce or economic development programming that addresses economic disparities in underserved cultural communities. This assistance can be provided in-house or in partnership with other organizations depending on need. The nonprofit organization selected to administer the grant program shall report to the commissioner by February 1 each year regarding assistance provided, including the demographic and geographic distribution of the grant awards, services, and outcomes. By April 1 each year, the commissioner shall report the information

submitted by the nonprofit to the legislative committees having jurisdiction over economic development issues. Of this amount, one percent is for the commissioner to conduct the request for proposal process and monitor the selected organization. The nonprofit selected to administer the grant program may use up to five percent of the grant funds for administration costs and providing technical assistance to potential subgrantees.

(d) \$25,000 each year is for the administration of state aid for the Destination Medical Center under Minnesota Statutes, sections 469.40 to 469.47.

<b>Subd. 5. <u>Minnesota Trade Office</u></b>	<b>\$</b>	<b><u>2,292,000</u></b>	<b>\$</b>	<b><u>2,292,000</u></b>
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(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 Minnesota Trade Offices under Minnesota Statutes, section 116J.978.

(d) \$50,000 each year is for the Trade Policy Advisory Council under Minnesota Statutes, section 116J.9661.

<b>Subd. 6. <u>Vocational Rehabilitation</u></b>	<b>\$</b>	<b><u>34,691,000</u></b>	<b>\$</b>	<b><u>34,691,000</u></b>
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Appropriations by Fund

<u>General</u>	<u>\$26,861,000</u>	<u>\$26,861,000</u>
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<u>Workforce</u>		
<u>Development</u>	<u>\$7,830,000</u>	<u>\$7,830,000</u>

(a) \$14,300,000 each year is for the state's vocational rehabilitation program under Minnesota Statutes, chapter 268A. In fiscal year 2020 and beyond, the base amount is \$10,800,000.

(b) \$3,011,000 each year is for grants to centers for independent living under Minnesota Statutes, section 268A.11.

(c) \$6,995,000 each year is from the general fund and \$6,830,000 each year is from the workforce

development fund for extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15. Of the general fund amount appropriated, \$1,000,000 each year is for rate increases to providers of extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15. In fiscal year 2020 and beyond, the general fund base amount is \$8,995,000. Of the base amounts in fiscal years 2020 and 2021, \$2,000,000 in fiscal year 2020 and \$2,000,000 in fiscal year 2021 are for rate increases to providers of extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15.

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

(e) \$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-age 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.

**Subd. 7. Services for the Blind**

\$ 6,425,000 \$ 6,425,000

Of this amount, \$500,000 each year is for senior citizens who are becoming blind. At least half of the funds for this purpose must be used to provide training services for seniors who are becoming blind. Training services must provide independent living skills to seniors who are becoming blind to allow them to continue to live independently in their homes.

**Subd. 8. Broadband Development**

\$ 20,250,000 \$ 250,000

(a) \$20,000,000 in fiscal year 2018 is for deposit in the border-to-border broadband fund account in the special revenue fund established under Minnesota Statutes, section 116J.396.

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

**Subd. 9. Reporting**

(a) An entity receiving a direct appropriation in this article that received a direct appropriation in Laws 2016, chapter 189, article 12, is subject to the requirements for grants to individually specified recipients under Laws 2016, chapter 189, article 12, section 11.

(b) Any recipient of a direct appropriation from the workforce development fund for adult workforce-related programs under subdivision 3 not subject to the requirements of paragraph (a) is subject to the reporting requirements under Minnesota Statutes, section 116L.98.

**Sec. 3. HOUSING FINANCE AGENCY**

<b><u>Subdivision 1. Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>54,798,000</u></b>	<b><u>\$</u></b>	<b><u>52,798,000</u></b>
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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.

<b><u>Subd. 2. Challenge Program</u></b>		<b><u>14,925,000</u></b>		<b><u>14,925,000</u></b>
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(a)(1) 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 each fiscal year shall be available for any eligible activity under Minnesota Statutes, section 462A.33.

(2) The appropriation may be used to finance the construction or replacement of real property that

is located in Melrose affected by the fire on September 8, 2016.

(3) The commissioner may allocate a portion of the appropriation for the economic development and housing challenge program for assistance in the area included in DR-4290, as provided in Minnesota Statutes, section 12A.09. The maximum loan amount per housing structure is \$20,000. Within the limits of available appropriations, the agency may increase the maximum amount if the cost of repair or replacement of the residential property exceeds the total of the maximum loan amount and any assistance available from FEMA, other federal government agencies, including the Small Business Administration, and private insurance and flood insurance benefits.

(b) \$2,000,000 each year is for the purposes of the workforce housing development program under Minnesota Statutes, section 462A.39. The commissioner of housing finance may hire staff sufficient for the purposes of this paragraph.

**Subd. 3. Housing Trust Fund**

13,396,000

11,646,000

(a) This appropriation is for deposit in the housing fund account created under Minnesota Statutes, section 462A.201, and may be used for the purposes provided in that section.

(b) \$1,750,000 in fiscal year 2018 is for the rental assistance to highly mobile students program under Minnesota Statutes, section 462A.201, subdivision 2, paragraph (a), clause (4).

**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**

8,769,000

8,519,000



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

(b) \$250,000 in fiscal year 2018 is for grants to programs under Minnesota Statutes, section 462A.204, subdivision 8.

**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 subdivision, "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, \$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**

645,000

645,000

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).

**Subd. 11. Build Wealth MN**

500,000

500,000

This appropriation is for grants to Build Wealth MN to provide a family stabilization plan program including program outreach, financial literacy education, and budget and debt counseling.

**Sec. 4. DEPARTMENT OF LABOR AND INDUSTRY**

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>28,820,000</u>	<u>\$</u>	<u>29,143,000</u>
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Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>1,776,000</u>	<u>1,790,000</u>
<u>Workers' Compensation</u>	<u>24,975,000</u>	<u>24,975,000</u>
<u>Workforce Development</u>	<u>2,069,000</u>	<u>2,378,000</u>

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

<u>Subd. 2. Workers' Compensation</u>	<u>14,782,000</u>	<u>14,782,000</u>
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(a) This appropriation is from the workers' compensation fund.

(b)(1) \$3,000,000 each year is for workers' compensation system upgrades. This amount is available until June 30, 2021. This is a onetime appropriation.

(2) 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 must be incorporated into the service level agreement and must 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.

<u>Subd. 3. Labor Standards and Apprenticeship</u>	<u>3,645,000</u>	<u>3,668,000</u>
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Appropriations by Fund

<u>General</u>	<u>1,776,000</u>	<u>1,790,000</u>
<u>Workforce Development</u>	<u>1,869,000</u>	<u>1,878,000</u>

(a) \$500,000 each year is from the general fund for wage theft prevention under the division of labor standards.

(b) \$100,000 each year is from the workforce development fund for labor education and advancement program grants under Minnesota

Statutes, section 178.11, to expand and promote registered apprenticeship training for minorities and women.

(c) \$300,000 each year is from the workforce development fund for the PIPELINE program.

(d) \$200,000 each year is from the workforce development fund for grants to the Construction Careers Foundation for the Helmets to Hardhats Minnesota initiative. Grant funds must be used to recruit, retain, assist, and support National Guard, reserve, and active duty military members' and veterans' participation into apprenticeship programs registered with the Department of Labor and Industry and connect them with career training and employment in the building and construction industry. The recruitment, selection, employment, and training must be without discrimination due to race, color, creed, religion, national origin, sex, sexual orientation, marital status, physical or mental disability, receipt of public assistance, or age. This is a onetime appropriation.

(e) \$1,029,000 each year is from the workforce development fund for the apprenticeship program under Minnesota Statutes, chapter 178.

(f) \$150,000 each year is 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>
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This appropriation is from the workers' compensation fund.

<u>Subd. 5. <b>General Support</b></u>	<u>6,239,000</u>	<u>6,539,000</u>
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Appropriations by Fund

<u>Workforce Development Fund</u>	<u>200,000</u>	<u>500,000</u>
<u>Workers' Compensation</u>	<u>6,039,000</u>	<u>6,039,000</u>

(a) Except as provided in paragraphs (b) and (c), this appropriation is from the workers' compensation fund.

(b) \$200,000 in fiscal year 2018 is from the workforce development fund for the commissioner of labor and industry to convene and collaborate with stakeholders as provided under Minnesota Statutes, section 175.46, subdivision 3, and to develop youth skills training competencies for approved occupations. This is a onetime appropriation.

(c) \$500,000 in fiscal year 2019 is from the workforce development fund to administer the youth skills training program under Minnesota Statutes, section 175.46. The commissioner shall award up to five grants each year to local partnerships located throughout the state, not to exceed \$100,000 per local partnership grant. The commissioner may use a portion of this appropriation for administration of the grant program. The base amount for this program is \$500,000 each year beginning in fiscal year 2020.

<b>Sec. 5. <u>BUREAU OF MEDIATION SERVICES</u></b>	<b>\$</b>	<b><u>2,446,000</u></b>	<b>\$</b>	<b><u>2,522,000</u></b>
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(a) \$394,000 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.

(b) \$68,000 each year is from the general fund 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.

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

<b>Sec. 6. <u>WORKERS' COMPENSATION COURT OF APPEALS</u></b>	<b>\$</b>	<b><u>1,913,000</u></b>	<b>\$</b>	<b><u>1,913,000</u></b>
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This appropriation is from the workers' compensation fund.

**Sec. 7. DEPARTMENT OF COMMERCE**

<b>Subdivision 1. <u>Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>27,485,000</u></b>	<b><u>\$</u></b>	<b><u>27,165,000</u></b>
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Appropriations by Fund

<u>General</u>	<u>23,472,000</u>	<u>23,152,000</u>
<u>Special Revenue</u>	<u>2,210,000</u>	<u>2,210,000</u>
<u>Petroleum Tank</u>	<u>1,052,000</u>	<u>1,052,000</u>
<u>Workers' Compensation</u>	<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. <u>Financial Institutions</u></b>	<u>920,000</u>	<u>820,000</u>
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(a) \$400,000 each year is for grants to Prepare and Prosper for purposes of developing, marketing, evaluating, and distributing a financial services inclusion program that will assist low-income and financially underserved populations build savings, strengthen credit, and provide services to assist them in being more financially stable and secure. Grants in fiscal year 2018 must be matched by nonstate contributions. Money remaining after the first year is available for the second year.

(b) \$100,000 in fiscal year 2018 is for a grant to Exodus Lending to assist individuals in reaching financial stability and resolving payday loans. this appropriation is available until June 30, 2020.

<b>Subd. 3. <u>Petroleum Tank Release Compensation Board</u></b>	<u>1,052,000</u>	<u>1,052,000</u>
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This appropriation is from the petroleum tank fund.

<b>Subd. 4. <u>Administrative Services</u></b>	<u>7,386,000</u>	<u>7,386,000</u>
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(a) \$384,000 each year is for additional compliance efforts with unclaimed property. The commissioner may issue contracts for these services.

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

(c) \$33,000 each year is for rulemaking and administration under Minnesota Statutes, section 80A.461.

**Subd. 5. Telecommunications** 2,619,000 2,619,000

Appropriations by Fund

<u>General</u>	<u>1,009,000</u>	<u>1,009,000</u>
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<u>Special Revenue</u>	<u>1,610,000</u>	<u>1,610,000</u>
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\$1,610,000 each year is from the telecommunication access Minnesota fund account in the special revenue fund for the following transfers. This appropriation is added to the department's base.

(1) \$1,170,000 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 each year is to the Legislative Coordinating Commission for captioning of legislative coverage. This transfer is subject to Minnesota Statutes, section 16A.281; and

(4) \$50,000 each year is 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** 5,672,000 5,472,000

Appropriations by Fund

<u>General</u>	<u>5,474,000</u>	<u>5,274,000</u>
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<u>Workers' Compensation</u>	<u>198,000</u>	<u>198,000</u>
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(a) \$279,000 each year is for health care enforcement.

(b)(1) \$200,000 in fiscal year 2018 is to create and execute a statewide education and outreach campaign to protect seniors, meaning those 60 years of age or older, vulnerable adults, as defined

in Minnesota Statutes, section 626.5572, subdivision 21, and their caregivers from financial fraud and exploitation.

(2) The education and outreach campaign must be statewide, and must include, but is not limited to, the dissemination of information through television, print, or other media, training and outreach to senior living facilities, and the creation of a senior fraud toolkit.

(3) The commissioner of commerce shall report by January 15, 2018, to the chairs and ranking minority members of the committees of the house of representatives and senate having jurisdiction over commerce issues regarding the results of the statewide education and outreach campaign, and recommendations for supporting ongoing efforts to prevent financial fraud from occurring to, and the financial exploitation of, seniors, vulnerable adults, and their caregivers.

(c) The revenue transferred in Minnesota Statutes, section 297I.11, subdivision 2, to the insurance fraud prevention account must be used in part for compensation for two new employees in the Commerce Fraud Bureau to perform analytical duties. The new employees must not be peace officers.

Subd. 7. Energy Resources

4,847,000

4,847,000

Appropriations by Fund

<u>General</u>	<u>4,247,000</u>	<u>4,247,000</u>
<u>Special Revenue</u>	<u>600,000</u>	<u>600,000</u>

(a) \$150,000 each year is to remediate vermiculate insulation from households that are eligible for weatherization assistance under Minnesota's weatherization assistance program state plan under Minnesota Statutes, section 216C.264. Remediation must be done in conjunction with federal weatherization assistance program services.

(b) \$832,000 each year is for energy regulation and planning unit staff.



(c) \$100,000 each year is from the renewable development account in the special revenue fund established in Minnesota Statutes, section 116C.779, subdivision 1, to administer the "Made in Minnesota" solar energy production incentive program in Minnesota Statutes, section 216C.417. Any remaining unspent funds cancel back to the renewable development account at the end of the biennium.

(d) \$500,000 each year is from the renewable development account in the special revenue fund established in Minnesota Statutes, section 116C.779, subdivision 1, for costs associated with any third-party expert evaluation of a proposal submitted in response to a request for proposal to the renewable development advisory group under Minnesota Statutes, section 116C.779, subdivision 1, paragraph (l). No portion of this appropriation may be expended or retained by the commissioner of commerce. Any funds appropriated under this paragraph that are unexpended at the end of a fiscal year cancel to the renewable development account.

**Subd. 8. Insurance**

4,989,000

4,969,000

Appropriations by Fund

<u>General</u>	<u>4,436,000</u>	<u>4,416,000</u>
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<u>Workers' Compensation</u>	<u>553,000</u>	<u>553,000</u>
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(a) \$642,000 each year is for health insurance rate review staffing.

(b) \$412,000 each year is for actuarial work to prepare for implementation of principle-based reserves.

(c) \$20,000 in fiscal year 2018 is for payment of two years of membership dues for Minnesota to the National Conference of Insurance Legislators. This is a onetime appropriation.

**Sec. 8. PUBLIC UTILITIES COMMISSION**

\$

7,465,000

7,465,000

\$21,000 each year is for the purposes of Minnesota Statutes, section 237.045.

Sec. 9. PUBLIC FACILITIES AUTHORITY                    \$                    1,800,000 \$                    -0-

(a) \$300,000 in fiscal year 2018 is for a grant to the city of New Trier to replace water infrastructure under Hogan Avenue, including related road reconstruction, and to acquire land for predesign, design, and construction of a storm water pond that will be colocated with the pond of the new subdivision. This appropriation does not require a nonstate contribution.

(b) \$600,000 in fiscal year 2018 is for a grant to the Ramsey/Washington Recycling and Energy Board to design, construct, and equip capital improvements to the Ramsey/Washington Recycling and Energy Center in Newport.

(c) \$900,000 in fiscal year 2018 is for a grant to the Clear Lake-Clearwater Sewer Authority to remove and replace the existing wastewater treatment facility. This project is intended to prevent the discharge of phosphorus into the Mississippi River. This appropriation is not available until the commissioner of management and budget determines that at least \$200,000 is committed to the project from nonstate sources and the authority has applied for at least two grants to offset the cost. An amount equal to any grant money received by the authority must be returned to the general fund.

## ARTICLE 2

### LABOR AND INDUSTRY

Section 1. Minnesota Statutes 2016, section 175.45, is amended to read:

#### **175.45 ~~COMPETENCY STANDARDS FOR DUAL TRAINING.~~**

Subdivision 1. **Duties; goal.** The commissioner of labor and industry shall convene industry representatives, identify occupational competency standards for dual training, and provide technical assistance to develop dual-training programs. ~~The goal of dual training is to provide employees of an employer with training to acquire competencies that the employer requires.~~ The competency standards shall be identified for employment in occupations in advanced manufacturing, health care services, information technology, and agriculture. Competency standards are not rules and are exempt from the rulemaking provisions of chapter 14, and the provisions in section 14.386 concerning exempt rules do not apply.

Subd. 2. ~~**Definition; competency standards**~~ **Definitions.** For purposes of this section, the following terms have the meanings given them:

(1) "competency standards" means the specific knowledge and skills necessary for a particular occupation-; and

(2) "dual-training program" means an employment-based earn-as-you-learn program where the trainee is employed by a participating employer and receives structured on-the-job training and technical instruction in accordance with the competency standards.

Subd. 3. **Competency standards identification process.** In identifying competency standards, the commissioner shall consult with the commissioner of the Office of Higher Education and the commissioner of employment and economic development and convene recognized industry experts, representative employers, higher education institutions, representatives of the disabled community, and representatives of labor to assist in identifying credible competency standards. Competency standards must be consistent with, to the extent available and practical, recognized international and national standards.

Subd. 4. **Duties.** The commissioner shall:

(1) convene industry representatives to identify, develop, and implement dual-training programs;

(2) identify competency standards for ~~entry level~~ entry-level and higher skill levels;

~~(2)~~ (3) verify the competency standards and skill levels and their transferability by subject matter expert representatives of each respective industry;

~~(3)~~ (4) develop models for Minnesota educational institutions to engage in providing education and training to meet the competency standards established;

~~(4)~~ (5) encourage participation by employers and labor in the competency standard identification process for occupations in their industry; ~~and~~

~~(5)~~ (6) align ~~dual-training competency standards~~ dual-training programs with other workforce initiatives-; and

(7) provide technical assistance to develop dual-training programs.

Subd. 5. **Notification.** The commissioner must communicate identified competency standards to the commissioner of the Office of Higher Education for the purpose of the ~~dual-training~~ dual-training competency grant program under section 136A.246. The commissioner of labor and industry shall maintain the competency standards on the department's Web site.

## Sec. 2. [175.46] YOUTH SKILLS TRAINING PROGRAM.

Subdivision 1. **Program established; grants authorized.** The commissioner shall approve youth skills training programs established for the purpose of providing work-based skills training for student learners ages 16 and older. The commissioner shall award grants to local partnerships for the implementation and coordination of local youth skills training programs as provided in this section.

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

(b) "School district" means a school district or charter school.

(c) "Local partnership" means a school district, nonpublic school, intermediate school district, or postsecondary institution, in partnership with other school districts, nonpublic schools, intermediate school districts, postsecondary institutions, workforce development authorities, economic development authorities, nonprofit organizations, labor unions, or individuals who have an agreement with one or more local employers to be responsible for implementing and coordinating a local youth skills training program.

(d) "Student learner" means a student who is both enrolled in a course of study at a public or nonpublic school to obtain related instruction for academic credit and is employed under a written agreement to obtain on-the-job skills training under a youth skills training program approved under this section.

(e) "Commissioner" means the commissioner of labor and industry.

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

(1) approve youth skills training programs in high-growth, high-demand occupations that provide:

(i) that the work of the student learner in the occupations declared particularly hazardous shall be incidental to the training;

(ii) that the work shall be intermittent and for short periods of time, and under the direct and close supervision of a qualified and experienced person;

(iii) that safety instruction shall be provided to the student learner and may be given by the school and correlated by the employer with on-the-job training;

(iv) a schedule of organized and progressive work processes to be performed on the job;

(v) a schedule of wage rates in compliance with section 177.24; and

(vi) whether the student learner will obtain secondary school academic credit, postsecondary credit, or both, for the training program;

(2) approve occupations and maintain a list of approved occupations for programs under this section;

(3) issue requests for proposals for grants;

(4) work with individuals representing industry and labor to develop new youth skills training programs;

(5) develop model program guides;

(6) monitor youth skills training programs;

(7) provide technical assistance to local partnership grantees;

(8) work with providers to identify paths for receiving postsecondary credit for participation in the youth skills training program; and

(9) approve other activities as necessary to implement the program.

(b) The commissioner shall collaborate with stakeholders, including, but not limited to, representatives of secondary school institutions, career and technical education instructors,

postsecondary institutions, businesses, and labor, in developing youth skills training programs, and identifying and approving occupations and competencies for youth skills training programs.

Subd. 4. **Training agreement.** Each student learner shall sign a written training agreement on a form prescribed by the commissioner. Each agreement shall contain the name of the student learner, and be signed by the employer, the school coordinator or administrator, and the student learner, or if the student learner is a minor, by the student's parent or legal guardian. Copies of each agreement shall be kept on file by both the school and the employer.

Subd. 5. **Program approval.** The commissioner may grant exemptions from the provisions of chapter 181A for student learners participating in youth skills training programs approved by the commissioner under this section. The approval of a youth skills training program will be reviewed annually. The approval of a youth skills training program may be revoked at any time if the commissioner finds that:

- (1) all provisions of subdivision 3 have not been met in the previous year; or
- (2) reasonable precautions have not been observed for the safety of minors.

The commissioner shall maintain and annually update a list of occupations and tasks suitable for student learners in compliance with federal law.

Subd. 6. **Interactions with education finance.** (a) For the purpose of computing state aids for the enrolling school district, the hours a student learner participates in a youth skills training program under this section must be counted in the student's hours of average daily membership under section 126C.05.

(b) Educational expenses for a participating student learner must be included in the enrolling district's career and technical revenue as provided under section 124D.4531.

Subd. 7. **Academic credit.** A school district may grant academic credit to student learners participating in youth skills training programs under this section in accordance with local requirements.

Subd. 8. **Postsecondary credit.** A postsecondary institution may award postsecondary credit to a student learner who successfully completes a youth skills training program.

Subd. 9. **Work-based learning program.** A youth skills training program shall qualify as a work-based learning program if it meets requirements for a career and technical education program and is supervised by a qualified teacher with appropriate licensure for a work-based learning teacher-coordinator.

Subd. 10. **School coordinator.** Unless otherwise required for a work-based learning program, a youth skills training program may be supervised by a qualified teacher or by an administrator as determined by the school district.

Subd. 11. **Other apprenticeship programs.** (a) This section shall not affect programs under section 124D.47.

(b) A registered apprenticeship program governed by chapter 178 may grant credit toward the completion of a registered apprenticeship for the successful completion of a youth skills training program under this section.

Subd. 12. **Grant applications.** (a) Applications for grants must be made to the commissioner on a form provided by the commissioner.

(b) A local partnership may apply for a grant and shall include in its grant application:

(1) the identity of each school district, public agency, nonprofit organization, or individual who is a participant in the local partnership;

(2) the identity of each employer who is a participant in the local partnership and the amount of matching funds provided by each employer, if any;

(3) a plan to accomplish the implementation and coordination of activities specified in this subdivision; and

(4) the identity of a fiscal agent responsible for receiving, managing, and accounting for the grant.

Subd. 13. **Grant awards.** (a) A local partnership awarded a grant under this section must use the grant award for any of the following implementation and coordination activities:

(1) recruiting additional employers to provide on-the-job training and supervision for student learners and providing technical assistance to those employers;

(2) recruiting students to participate in the local youth skills training program, monitoring the progress of student learners participating in the program, and monitoring program outcomes;

(3) coordinating youth skills training activities within participating school districts and among participating school districts, postsecondary institutions, and employers;

(4) coordinating academic, vocational and occupational learning, school-based and work-based learning, and secondary and postsecondary education for participants in the local youth skills training program;

(5) coordinating transportation for student learners participating in the local youth skills training program; and

(6) any other implementation or coordination activity that the commissioner may direct or permit the local partnership to perform.

(b) Grant awards may not be used to directly or indirectly pay the wages of a student learner.

Subd. 14. **Outcomes.** The following outcomes are expected of a local youth skills training program:

(1) at least 80 percent of the student learners who participate in a youth skills training program receive a high school diploma when eligible upon completion of the training program; and

(2) at least 60 percent of the student learners who participate in a youth skills training program receive a recognized credential upon completion of the training program.

Subd. 15. **Reporting.** (a) By February 1, 2019, and annually thereafter, the commissioner shall report on the activity and outcomes of the program for the preceding fiscal year to the chairs of the legislative committees with jurisdiction over jobs and economic growth policy and finance. At a minimum, the report must include:

(1) the number of student learners who commenced the training program and the number who completed the training program; and

(2) recommendations, if any, for changes to the program.

(b) The initial report shall include a detailed description of the differences between the state and federal systems in child safety standards.

Sec. 3. Minnesota Statutes 2016, section 326B.092, subdivision 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
Entry level	\$10	\$20
Journeyworker	\$20	\$40
Master	\$40	\$80
Business		\$180

(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.

(e) If the license is issued under sections 326B.31 to 326B.59 or 326B.90 to 326B.925, 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.

(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 ~~2017~~, through ~~June 30, 2017~~ September 30, 2021, the following fees apply:

License Classification	License Duration	
	1 year	2 years

Entry level	\$10	\$20
		<del>\$35</del>
Journeyworker	\$15	<u>\$30</u>
		<del>\$75</del>
Master	\$30	<u>\$60</u>
		<del>\$160</del>
Business		<u>\$120</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. 4. **[326B.108] PLACES OF PUBLIC ACCOMMODATION SUBJECT TO CODE.**

**Subdivision 1. Definition.** For purposes of this section, "place of public accommodation" means a publicly or privately owned facility that is designed for occupancy by 200 or more people and includes a sports or entertainment arena, stadium, theater, community or convention hall, special event center, indoor amusement facility or water park, or swimming pool.

**Subd. 2. Application.** Construction, additions, and alterations to a place of public accommodation must be designed and constructed to comply with the State Building Code.

**Subd. 3. Enforcement.** In a municipality that has not adopted the code by ordinance under section 326B.121, subdivision 2, the commissioner shall enforce this section in accordance with section 326B.107, subdivision 1.

**Subd. 4. Fire protection systems.** If fire protection systems regulated by chapter 299M are required in a place of public accommodation, then those plan reviews and inspections shall be conducted by the state fire marshal.

Sec. 5. Minnesota Statutes 2016, section 326B.153, subdivision 1, is amended to read:

Subdivision 1. **Building permits.** (a) Fees for building permits submitted as required in section ~~326B.106~~ 326B.107 include:

- (1) the fee as set forth in the fee schedule in paragraph (b) or as adopted by a municipality; and
- (2) the surcharge required by section 326B.148.

(b) The total valuation and fee schedule is:

- (1) \$1 to \$500, ~~\$29.50~~ \$21;
- (2) \$501 to \$2,000, ~~\$28~~ \$21 for the first \$500 plus ~~\$3.70~~ \$2.75 for each additional \$100 or fraction thereof, to and including \$2,000;
- (3) \$2,001 to \$25,000, ~~\$83.50~~ \$62.25 for the first \$2,000 plus ~~\$16.55~~ \$12.50 for each additional \$1,000 or fraction thereof, to and including \$25,000;



(4) \$25,001 to \$50,000, ~~\$464.15~~ \$349.75 for the first \$25,000 plus ~~\$12~~ \$9 for each additional \$1,000 or fraction thereof, to and including \$50,000;

(5) \$50,001 to \$100,000, ~~\$764.15~~ \$574.75 for the first \$50,000 plus ~~\$8.45~~ \$6.25 for each additional \$1,000 or fraction thereof, to and including \$100,000;

(6) \$100,001 to \$500,000, ~~\$1,186.65~~ \$887.25 for the first \$100,000 plus ~~\$6.75~~ \$5 for each additional \$1,000 or fraction thereof, to and including \$500,000;

(7) \$500,001 to \$1,000,000, ~~\$3,886.65~~ \$2,887.25 for the first \$500,000 plus ~~\$5.50~~ \$4.25 for each additional \$1,000 or fraction thereof, to and including \$1,000,000; and

(8) \$1,000,001 and up, ~~\$6,636.65~~ \$5,012.25 for the first \$1,000,000 plus ~~\$4.50~~ \$2.75 for each additional \$1,000 or fraction thereof.

(c) Other inspections and fees are:

(1) inspections outside of normal business hours (minimum charge two hours), \$63.25 per hour;

(2) reinspection fees, \$63.25 per hour;

(3) inspections for which no fee is specifically indicated (minimum charge one-half hour), \$63.25 per hour; and

(4) additional plan review required by changes, additions, or revisions to approved plans (minimum charge one-half hour), \$63.25 per hour.

(d) If the actual hourly cost to the jurisdiction under paragraph (c) is greater than \$63.25, then the greater rate shall be paid. Hourly cost includes supervision, overhead, equipment, hourly wages, and fringe benefits of the employees involved.

**EFFECTIVE DATE.** Paragraph (a) is effective July 1, 2017. Paragraph (b) is effective July 1, 2017, and the amendments to it expire October 1, 2021.

Sec. 6. Minnesota Statutes 2016, section 326B.37, is amended by adding a subdivision to read:

Subd. 16. **Wind electric systems.** (a) The inspection fee for the installation of a wind turbine is:

(1) zero watts to and including 100,000 watts, \$80;

(2) 100,001 watts to and including 500,000 watts, \$105;

(3) 500,001 watts to and including 1,000,000 watts, \$120;

(4) 1,000,001 watts to and including 1,500,000 watts, \$125;

(5) 1,500,001 watts to and including 2,000,000 watts, \$130;

(6) 2,000,001 watts to and including 3,000,000 watts, \$145; and

(7) 3,000,001 watts and larger, \$160.

(b) For the purpose of paragraph (a), the watt rating is the total estimated alternating current energy output of one individual wind turbine.

Sec. 7. Minnesota Statutes 2016, section 326B.37, is amended by adding a subdivision to read:

Subd. 17. **Solar photovoltaic systems.** (a) The inspection fee for the installation of a solar photovoltaic system is:

(1) zero watts to and including 5,000 watts, \$60;

(2) 5,001 watts to and including 10,000 watts, \$100;

(3) 10,001 watts to and including 20,000 watts, \$150;

(4) 20,001 watts to and including 30,000 watts, \$200;

(5) 30,001 watts to and including 40,000 watts, \$250;

(6) 40,001 watts to and including 1,000,000 watts, \$250, and \$25 for each additional 10,000 watts over 40,000 watts;

(7) 1,000,001 watts to 5,000,000 watts, \$2,650, and \$15 for each additional 10,000 watts over 1,000,000 watts; and

(8) 5,000,001 watts and larger, \$8,650, and \$10 for each additional 10,000 watts over 5,000,000 watts.

(b) For the purpose of paragraph (a), the watt rating is the total estimated alternating current energy output of the solar photovoltaic system.

Sec. 8. Minnesota Statutes 2016, section 326B.435, subdivision 2, is amended to read:

**Subd. 2. Powers; duties; administrative support.** (a) The board shall have the power to:

(1) elect its chair, vice-chair, and secretary;

(2) adopt bylaws that specify the duties of its officers, the meeting dates of the board, and containing such other provisions as may be useful and necessary for the efficient conduct of the business of the board;

(3) adopt the Plumbing Code that must be followed in this state and any Plumbing Code amendments thereto. The Plumbing Code shall include the minimum standards described in sections 326B.43, subdivision 1, and 326B.52, subdivision 1. The board shall adopt the Plumbing Code and any amendments thereto pursuant to chapter 14 and as provided in subdivision 6, paragraphs (b), (c), and (d);

(4) review requests for final interpretations and issue final interpretations as provided in section 326B.127, subdivision 5;

(5) adopt rules that regulate the licensure, certification, or registration of plumbing contractors, journeymen, unlicensed individuals, master plumbers, restricted master plumbers, restricted journeymen, restricted plumbing contractors, backflow prevention rebuilders and testers, water conditioning contractors, and water conditioning installers, and other persons engaged in the design, installation, and alteration of plumbing systems or engaged in or working at the business of water conditioning installation or service, or engaged in or working at the business of medical gas system installation, maintenance, or repair, except for those individuals licensed under section 326.02,

subdivisions 2 and 3. The board shall adopt these rules pursuant to chapter 14 and as provided in subdivision 6, paragraphs (e) and (f);

(6) adopt rules that regulate continuing education for individuals licensed as master plumbers, journeyman plumbers, restricted master plumbers, restricted journeyman plumbers, registered unlicensed individuals, water conditioning ~~contractors~~ masters, and water conditioning ~~installers~~ journeymen, and for individuals certified under sections 326B.437 and 326B.438. The board shall adopt these rules pursuant to chapter 14 and as provided in subdivision 6, paragraphs (e) and (f);

(7) refer complaints or other communications to the commissioner, whether oral or written, as provided in subdivision 8, that allege or imply a violation of a statute, rule, or order that the commissioner has the authority to enforce pertaining to code compliance, licensure, or an offering to perform or performance of unlicensed plumbing services;

(8) approve per diem and expenses deemed necessary for its members as provided in subdivision 3;

(9) approve license reciprocity agreements;

(10) select from its members individuals to serve on any other state advisory council, board, or committee; and

(11) recommend the fees for licenses, registrations, and certifications.

Except for the powers granted to the Plumbing Board, the Board of Electricity, and the Board of High Pressure Piping Systems, the commissioner of labor and industry shall administer and enforce the provisions of this chapter and any rules promulgated pursuant thereto.

(b) The board shall comply with section 15.0597, subdivisions 2 and 4.

(c) The commissioner shall coordinate the board's rulemaking and recommendations with the recommendations and rulemaking conducted by the other boards created pursuant to this chapter. The commissioner shall provide staff support to the board. The support includes professional, legal, technical, and clerical staff necessary to perform rulemaking and other duties assigned to the board. The commissioner of labor and industry shall supply necessary office space and supplies to assist the board in its duties.

Sec. 9. Minnesota Statutes 2016, section 326B.50, subdivision 3, is amended to read:

Subd. 3. **Water conditioning installation.** "Water conditioning installation" means the installation of appliances, appurtenances, and fixtures designed to treat water so as to alter, modify, add or remove mineral, chemical or bacterial content, said installation to be made in a water distribution system serving:

(1) a single family residential unit, which has been initially established by a licensed plumber, and does not involve a direct connection without an air gap to a soil or waste pipe; or

(2) a multifamily or nonresidential building, where the plumbing installation has been initially established by a licensed plumber. Isolation valves shall be required for all water conditioning installations and shall be readily accessible. Water conditioning installation does not include:

(i) a valve that allows isolation of the water conditioning installation;

- (ii) piping greater than two-inch nominal pipe size; or
- (iii) a direct connection without an air gap to a soil or waste pipe.

Sec. 10. Minnesota Statutes 2016, section 326B.50, is amended by adding a subdivision to read:

Subd. 5. **Direct supervision.** "Direct supervision," with respect to direct supervision of a registered unlicensed individual, means that:

(1) at all times while the registered unlicensed individual is performing water conditioning installation work, a direct supervisor is present at the location where the registered unlicensed individual is working;

(2) the direct supervisor is physically present and immediately available to the registered unlicensed individual at all times for assistance and direction;

(3) any form of electronic supervision does not meet the requirement of being physically present;

(4) the direct supervisor reviews the water conditioning installation work performed by the registered unlicensed individual before the water conditioning installation is operated; and

(5) the direct supervisor determines that all water conditioning installation work performed by the registered unlicensed individual is performed in compliance with sections 326B.50 to 326B.59, all rules adopted under these sections, the Minnesota Plumbing Code, and all orders issued under section 326B.082.

Sec. 11. Minnesota Statutes 2016, section 326B.50, is amended by adding a subdivision to read:

Subd. 6. **Direct supervisor.** "Direct supervisor" means a master plumber, journeyman plumber, restricted master plumber, restricted journeyman plumber, water conditioning master, or water conditioning journeyman responsible for providing direct supervision of a registered unlicensed individual.

Sec. 12. Minnesota Statutes 2016, section 326B.55, subdivision 2, is amended to read:

Subd. 2. **Qualifications for licensing.** (a) A water conditioning master license shall be issued only to an individual who has demonstrated skill in planning, superintending, and servicing, and installing water conditioning installations, and has successfully passed the examination for water conditioning masters. A water conditioning journeyman license shall only be issued to an individual other than a water conditioning master who has demonstrated practical knowledge of water conditioning installation, and has successfully passed the examination for water conditioning journeymen. A water conditioning journeyman must successfully pass the examination for water conditioning masters before being licensed as a water conditioning master.

(b) Each water conditioning contractor must designate a responsible licensed master plumber or a responsible licensed water conditioning master, who shall be responsible for the performance of all water conditioning installation and servicing in accordance with the requirements of sections 326B.50 to 326B.59, all rules adopted under sections 326B.50 to 326B.59, the Minnesota Plumbing Code, and all orders issued under section 326B.082. If the water conditioning contractor is an individual or sole proprietorship, the responsible licensed master must be the individual, proprietor, or managing employee. If the water conditioning contractor is a partnership, the responsible licensed

master must be a general partner or managing employee. If the water conditioning contractor is a limited liability company, the responsible licensed master must be a chief manager or managing employee. If the water conditioning contractor is a corporation, the responsible licensed master must be an officer or managing employee. If the responsible licensed master is a managing employee, the responsible licensed master must be actively engaged in performing water conditioning work on behalf of the water conditioning contractor and cannot be employed in any capacity as a water conditioning master or water conditioning journeyman for any other water conditioning contractor. An individual must not be the responsible licensed master for more than one water conditioning contractor.

(c) All applications and renewals for water conditioning contractor licenses shall include a verified statement that the applicant or licensee has complied with paragraph (b).

(d) Each application and renewal for a water conditioning master license, water conditioning journeyman license, or a water conditioning contractor license shall be accompanied by all fees required by section 326B.092.

Sec. 13. Minnesota Statutes 2016, section 326B.55, subdivision 4, is amended to read:

Subd. 4. **Plumber's apprentices.** (a) A plumber's apprentice who is registered under section 326B.47 is authorized to assist in water conditioning installation and water conditioning servicing only while under the direct supervision of a master plumber, journeyman plumber, restricted master plumber, restricted journeyman plumber, water conditioning master, or water conditioning journeyman. The master or journeyman is responsible for ensuring that all water conditioning work performed by the plumber's apprentice complies with the plumbing code and rules adopted under sections 326B.50 to 326B.59. The supervising master or journeyman must be licensed and must be employed by the same employer as the plumber's apprentice. Licensed individuals shall not permit plumber's apprentices to perform water conditioning work except under the direct supervision of an individual actually licensed to perform such work. Plumber's apprentices shall not supervise the performance of plumbing work or make assignments of plumbing work to unlicensed individuals.

(b) Water conditioning contractors employing plumber's apprentices to perform water conditioning work shall maintain records establishing compliance with this subdivision that shall identify all plumber's apprentices performing water conditioning work, and shall permit the department to examine and copy all such records.

Sec. 14. **[326B.555] REGISTERED UNLICENSED INDIVIDUALS.**

Subdivision 1. **Registration; supervision; records.** (a) All unlicensed individuals engaged in water conditioning installation must be registered under subdivision 3.

(b) A registered unlicensed individual is authorized to assist in water conditioning installations in a single family residential unit only when a master plumber, journeyman plumber, restricted master plumber, restricted journeyman plumber, water conditioning master, or water conditioning journeyman is available and responsible for ensuring that all water conditioning installation work performed by the unlicensed individual complies with the applicable provisions of the plumbing and water conditioning codes and rules adopted pursuant to such codes. For all other water conditioning installation work, the registered unlicensed individual must be under the direct supervision of a responsible licensed water conditioning master.

(c) Water conditioning contractors employing registered unlicensed individuals to perform water conditioning installation work shall maintain records establishing compliance with this subdivision that shall identify all unlicensed individuals performing water conditioning installations, and shall permit the department to examine and copy all such records.

Subd. 2. **Journeyman exam.** A registered unlicensed individual who has completed 875 hours of practical water conditioning installation, servicing, and training is eligible to take the water conditioning journeyman examination. Up to 100 hours of practical water conditioning installation and servicing experience prior to becoming a registered unlicensed individual may be applied to the practical experience requirement. However, none of this practical experience may be applied if the unlicensed individual did not have any practical experience in the 12-month period immediately prior to becoming a registered unlicensed individual.

Subd. 3. **Registration, renewals, and fees.** An unlicensed individual may register by completing and submitting to the commissioner an application form provided by the commissioner, with all fees required by section 326B.58. A completed application form must state the date, the individual's age, schooling, previous experience and employer, and other information required by the commissioner. The plumbing board may prescribe rules, not inconsistent with this section, for the registration of unlicensed individuals. Applications for initial registration may be submitted at any time. Registration must be renewed annually and shall be for the period from July 1 of each year to June 30 of the following year.

Sec. 15. Minnesota Statutes 2016, section 326B.89, subdivision 1, is amended to read:

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

(b) "Gross annual receipts" means the total amount derived from residential contracting or residential remodeling activities, regardless of where the activities are performed, and must not be reduced by costs of goods sold, expenses, losses, or any other amount.

(c) "Licensee" means a person licensed as a residential contractor or residential remodeler.

(d) "Residential real estate" means a new or existing building constructed for habitation by one to four families, and includes detached garages intended for storage of vehicles associated with the residential real estate.

(e) "Fund" means the contractor recovery fund.

(f) "Owner" when used in connection with real property, means a person who has any legal or equitable interest in real property and includes a condominium or townhome association that owns common property located in a condominium building or townhome building or an associated detached garage. Owner does not include any real estate developer or any owner using, or intending to use, the property for a business purpose and not as owner-occupied residential real estate.

Sec. 16. Minnesota Statutes 2016, section 326B.89, subdivision 5, is amended to read:

Subd. 5. **Payment limitations.** The commissioner shall not pay compensation from the fund to an owner or a lessee in an amount greater than \$75,000 per licensee. The commissioner shall not pay compensation from the fund to owners and lessees in an amount that totals more than ~~\$150,000~~ \$300,000 per licensee. The commissioner shall only pay compensation from the fund for

a final judgment that is based on a contract directly between the licensee and the homeowner or lessee that was entered into prior to the cause of action and that requires licensure as a residential building contractor or residential remodeler.

Sec. 17. Laws 2015, First Special Session chapter 1, article 1, section 5, subdivision 2, is amended to read:

Subd. 2. <b>Workers' Compensation</b>	15,226,000	17,782,000
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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 and are available through June 30, 2021. 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.

Sec. 18. Laws 2017, chapter 68, article 1, section 1, is amended to read:

Section 1. Minnesota Statutes 2016, section 181A.04, subdivision 6, is amended to read:

Subd. 6. **Time of day, high school students.** A high school student must not be permitted to work after 11:00 p.m. on an evening before a school day or before 5:00 a.m. on a school day, except:

(1) as permitted by section 181A.07, subdivisions 1, 2, 3, and 4; ~~or~~

(2) ~~for~~ this subdivision does not apply to a high school student age 18 or older, if unless the student provides a written request for the hours restrictions to the employer to work during the restricted hours at least two weeks before any restricted hours begin; or

(3) if a high school student under the age of 18 has supplied the employer with a note signed by the parent or guardian of the student, the student may be permitted to work until 11:30 p.m. on the evening before a school day and beginning at 4:30 a.m. on a school day.

For the purpose of this subdivision, a high school student does not include a student enrolled in an alternative education program approved by the commissioner of education or an area learning center, including area learning centers under sections 123A.05 to 123A.08 or according to section 122A.163.

**Sec. 19. REPEALER.**

Minnesota Statutes 2016, section 326B.89, subdivision 14, is repealed.

**ARTICLE 3****WORKERS' COMPENSATION ADVISORY COUNCIL; DEPARTMENT PROPOSALS**

Section 1. Minnesota Statutes 2016, section 176.135, is amended by adding a subdivision to read:

**Subd. 9. Designated contact person and required training related to submission and payment of medical bills.** (a) For purposes of this subdivision:

(1) "clearinghouse" means a health care clearinghouse as defined in section 62J.51, subdivision 11a, that receives or transmits workers' compensation electronic transactions as described in section 62J.536;

(2) "department" means the Department of Labor and Industry;

(3) "hospital" means a hospital licensed in this state;

(4) "payer" means:

(i) a workers' compensation insurer;

(ii) an employer, or group of employers, authorized to self-insure for workers' compensation liability; and

(iii) a third-party administrator licensed by the Department of Commerce under section 60A.23, subdivision 8, to pay or review workers' compensation medical bills under this chapter; and

(5) "submission or payment of medical bills" includes the submission, transmission, receipt, acceptance, response, adjustment, and payment of medical bills under this chapter.

(b) Effective November 1, 2017, each payer, hospital, and clearinghouse must provide the department with the name and contact information of a designated employee to answer inquiries related to the submission or payment of medical bills. Payers, hospitals, and clearinghouses must provide the department with the name of a new designated employee within 14 days after the previously designated employee is no longer employed or becomes unavailable for more than 30 days. The name and contact information of the designated employee must be provided on forms and at intervals prescribed by the department. The department must post a directory of the designated employees on the department's Web site.

(c) The designated employee under paragraph (b) must:

(1) complete training, provided by the department, about submission or payment of medical bills; and

(2) respond within 30 days to written department inquiries related to submission or payment of medical bills.

The training requirement in clause (1) does not apply to a payer that has not received any workers' compensation medical bills in the 12 months before the training becomes available.



(d) The commissioner may assess penalties, payable to the assigned risk safety account, against payers, hospitals, and clearinghouses for violation of this subdivision as provided in clauses (1) to (3):

(1) for failure to comply with the requirements in paragraph (b), the commissioner may assess a penalty of \$50 for each day of noncompliance after the department has provided the noncompliant payer, clearinghouse, or hospital with a 30-day written warning;

(2) for failure of the designated employee to complete training under paragraph (c), clause (1), within 90 days after the department has notified a payer, clearinghouse, or hospital's designated employee that required training is available, the commissioner may assess a penalty of \$3,000;

(3) for failure to respond within 30 days to a department inquiry related to submission or payment of medical bills under paragraph (c), clause (2), the commissioner may assess a penalty of \$3,000. The commissioner shall not assess a penalty under both this clause and section 176.194, subdivision 3, clause (6), for failure to respond to the same department inquiry.

**EFFECTIVE DATE.** This section is effective October 1, 2017.

Sec. 2. Minnesota Statutes 2016, section 176.1362, subdivision 1, is amended to read:

Subdivision 1. **Payment based on Medicare MS-DRG system.** (a) Except as provided in subdivisions 2 and 3, the maximum reimbursement for inpatient hospital services, articles, and supplies is 200 percent of the amount calculated for each hospital under the federal Inpatient Prospective Payment System developed for Medicare, using the inpatient Medicare PC-Pricer program for the applicable MS-DRG as provided in ~~paragraph (b) this subdivision~~. All adjustments included in the PC-Pricer program are included in the amount calculated, including but not limited to any outlier payments.

(b) Payment under this section is effective for services, articles, and supplies provided to patients discharged from the hospital on or after January 1, 2016. Payment for services, articles, and supplies provided to patients discharged on January 1, 2016, through December 31, 2016, must be based on the Medicare PC-Pricer program in effect on January 1, 2016.

(c) For patients discharged on or after the effective date of this section, payment for inpatient services, articles, and supplies ~~for patients discharged in each calendar year thereafter must be based on~~ calculated according to the PC-Pricer program in effect on January 1 of the year of discharge identified on Medicare's Web site as FY 2016.1, updated on January 19, 2016.

(d) For patients discharged on or after October 1, 2017, payment for inpatient services, articles, and supplies must be calculated according to the PC-Pricer program posted on the Department of Labor and Industry's Web site as follows:

(1) No later than October 1, 2017, and October 1 of each subsequent year, the commissioner must post on the department's Web site the version of the PC-Pricer program that is most recently available on Medicare's Web site as of the preceding July 1. If no PC-Pricer program is available on the Medicare Web site on any July 1, the PC-Pricer program most recently posted on the department's Web site remains in effect.

(2) The commissioner must publish notice of the applicable PC-Pricer program in the State Register no later than October 1 of each year.

(e) The MS-DRG grouper software or program that corresponds to the applicable version of the PC-Pricer program must be used to determine payment under this subdivision.

~~(e)~~ (f) Hospitals must bill workers' compensation insurers using the same codes, formats, and details that are required for billing for hospital inpatient services by the Medicare program. The bill must be submitted to the insurer within the time period required by section 62Q.75, subdivision 3. For purposes of this section, "insurer" includes both workers' compensation insurers and self-insured employers.

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

Sec. 3. Minnesota Statutes 2016, section 176.1362, subdivision 2, is amended to read:

Subd. 2. **Payment for catastrophic, high-cost injuries.** (a) If the hospital's total usual and customary charges for services, articles, and supplies for a patient's hospitalization exceed a threshold of \$175,000, annually adjusted as provided in paragraph (b), reimbursement must not be based on the MS-DRG system, but must instead be paid at 75 percent of the hospital's usual and customary charges. The threshold amount in effect on the date of discharge determines the applicability of this paragraph.

(b) ~~Beginning On January 1, 2017, and each January 1 thereafter,~~ the commissioner must adjust the previous year's threshold by the percent change in average total charges per inpatient case, using data available as of October 1 for non-Critical Access Hospitals from the Health Care Cost Information System maintained by the Department of Health pursuant to chapter 144. Beginning October 1, 2017, and each October 1 thereafter, the commissioner must adjust the previous threshold using the data available as of the preceding July 1. The commissioner must ~~annually~~ publish notice of the updated threshold in the State Register.

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

Sec. 4. Minnesota Statutes 2016, section 176.275, subdivision 1, is amended to read:

Subdivision 1. **Filing.** If a document is required to be filed by this chapter or any rules adopted pursuant to authority granted by this chapter, the filing shall be completed by the receipt of the document at the division, department, office, or the court of appeals. The division, department, office, and the court of appeals shall accept any document which has been delivered to it for legal filing, but may refuse to accept any form or document that lacks ~~the name of the injured employee, employer, or insurer, the date of injury, or the injured employee's Social Security number~~ information required by statute or rule. The division, department, office, and court of appeals are not required to maintain, and may destroy, a duplicate of a form or document that has already been filed. If a workers' compensation identification number has been assigned by the department, it may be substituted for the Social Security number on a form or document. If the injured employee has fewer than three days of lost time from work, the party submitting the required document must attach to it, at the time of filing, a copy of the first report of injury.

A notice or other document required to be served or filed at either the department, the office, or the court of appeals which is inadvertently served or filed at the wrong one of these agencies shall be deemed to have been served or filed with the proper agency. The receiving agency shall note the date of receipt of a document and shall forward the documents to the proper agency no later than two working days following receipt.

Sec. 5. Minnesota Statutes 2016, section 176.285, is amended to read:

**176.285 SERVICE OF PAPERS AND NOTICES; ELECTRONIC FILING.**

Subdivision 1. Service by mail. Service of papers and notices shall be by mail or otherwise as the commissioner or the chief administrative law judge may by rule direct. Where service is by mail, service is effected at the time mailed if properly addressed and stamped. If it is so mailed, it is presumed the paper or notice reached the party to be served. However, a party may show by competent evidence that that party did not receive it or that it had been delayed in transit for an unusual or unreasonable period of time. In case of nonreceipt or delay, an allowance shall be made for the party's failure to assert a right within the prescribed time.

Subd. 2. Electronic service and filing. (a) Where a statute or rule authorizes or requires a document to be filed with or served on an agency, the document may be filed electronically if electronic filing is authorized by the agency and if the document is transmitted in the manner and in the format specified by the agency. If electronic filing of a document is authorized by the agency and a statute or rule requires a copy of the document to be provided or served on another person or party, the document filed electronically with the agency and provided or served on the other person or party must contain the same information in the format required by the commissioner.

(b) Where a statute or rule authorizes or requires a person's signature on a document to be filed with or served on an agency, the signature may be an electronic signature, as defined by section 325L.02, or transmitted electronically, if authorized by the agency and if the signature is transmitted in the manner and format specified by the agency. The commissioner may require that a document authorized or required to be filed with the commissioner, department, or division be filed electronically in the manner and format specified by the commissioner, except that an employee must not be required to file a document electronically unless the document is filed by an attorney on behalf of an employee. ~~An agency may serve a document electronically if the recipient agrees to receive it in an electronic format.~~ The department or court may adopt rules for the certification of signatures.

(c) An agency may serve a document electronically on a payer, rehabilitation provider, or attorney. An agency may serve a document on any other party if the recipient agrees to receive it in an electronic format. The date of electronic service of a document is the date the recipient is sent a document electronically, or the date the recipient is notified that the document is available on a Web site, whichever occurs first.

(d) When the electronic filing of a legal document with the department marks the beginning of a prescribed time for another party to assert a right, the prescribed time for another party to assert a right shall be lengthened by two calendar days when it can be shown that service to the other party was by mail.

Subd. 3. Proof of service. The commissioner and the chief administrative law judge shall ensure that proof of service of all papers and notices served by their respective agencies is placed in the official file of the case.

Subd. 4. Definitions; applicability. (a) For purposes of this section, "agency" means the workers' compensation division, the Department of Labor and Industry, the commissioner of the Department of Labor and Industry, the Office of Administrative Hearings, the chief administrative law judge, or the Workers' Compensation Court of Appeals. "Document" includes documents, reports, notices, orders, papers, forms, information, and data elements that are authorized or required to be filed

with an agency or the commissioner or that are authorized or required to be served on or by an agency or the commissioner. "Payer" means a workers' compensation insurer, self-insurer employer, or third-party administrator.

(b) Except as otherwise modified by this section, the provisions of chapter 325L apply to electronic signatures and the electronic transmission of documents under this section.

Sec. 6. Minnesota Statutes 2016, section 176.541, subdivision 1, is amended to read:

Subdivision 1. **Application of chapter to state employees.** This chapter applies to the employees of any department of this state as defined in section 3.732, subdivision 1, clause (1).

Sec. 7. Minnesota Statutes 2016, section 176.541, is amended by adding a subdivision to read:

Subd. 7a. **Exceptions.** This section does not apply to the University of Minnesota.

Sec. 8. Minnesota Statutes 2016, section 176.541, subdivision 8, is amended to read:

Subd. 8. **State may insure.** The state of Minnesota may elect to insure its liability under the workers' compensation law for persons employed under the federal ~~Emergency Employment Act of 1971, as amended, and the Comprehensive Employment and Training Act of 1973, as amended~~ Workforce Innovation and Opportunity Act, and similar programs, with an insurer properly licensed in Minnesota.

Sec. 9. Minnesota Statutes 2016, section 176.611, subdivision 2, is amended to read:

Subd. 2. **State departments.** Every department of the state, ~~including the University of Minnesota,~~ shall reimburse the fund for money paid for its claims and the costs of administering the revolving fund at such times and in such amounts as the commissioner of administration shall certify has been paid out of the fund on its behalf. The heads of the departments shall anticipate these payments by including them in their budgets. In addition, the commissioner of administration, with the approval of the commissioner of management and budget, may require an agency to make advance payments to the fund sufficient to cover the agency's estimated obligation for a period of at least 60 days. Reimbursements and other money received by the commissioner of administration under this subdivision must be credited to the state compensation revolving fund.

Sec. 10. **REPEALER.**

Minnesota Statutes 2016, section 176.541, subdivision 7, is repealed.

Sec. 11. **EFFECTIVE DATE.**

This article is effective the day following final enactment.

**ARTICLE 4****WORKERS' COMPENSATION ADVISORY COUNCIL; SPECIAL COMPENSATION FUND****Section 1. [176.1292] FORBEARANCE OF AMOUNTS OWED TO THE SPECIAL COMPENSATION FUND.**

Subdivision 1. **Definitions.** For purposes of this section, the following definitions apply.

(a) "Payer" means a workers' compensation insurer, or an employer or group of employers that are self-insured for workers' compensation.

(b) "Retirement benefits" means retirement benefits paid by any government retirement benefit program and received by employees, other than old age and survivor insurance benefits received under the federal Social Security Act, United States Code, title 42, sections 401 to 434. Retirement benefits include retirement annuities, optional annuities received in lieu of retirement benefits, and any other benefit or annuity paid by a government benefit program that is not clearly identified as a disability benefit or disability annuity in the applicable governing statute.

Subd. 2. **Payment of permanent total disability benefits to employees, dependents, and legal heirs.** (a) A payer is entitled to the relief described in subdivisions 3 and 4 only if the payer complies with all of the conditions in paragraphs (b) to (d) for all of the payer's permanently totally disabled employees and documents compliance according to the procedures and forms established by the commissioner under subdivision 7.

(b) Except as provided in paragraph (e), the payer must:

(1) recharacterize supplementary benefits paid to all employees as permanent total disability benefits if the supplementary benefits were paid because the permanent total disability benefits were reduced by retirement benefits received by the employee;

(2) pay all permanently totally disabled employees, regardless of the date of injury, past and future permanent total disability benefits calculated without any reduction for retirement benefits received by the employees, from the date the employees' benefits were first reduced; and

(3) for all deceased employees, pay the employees' dependents or, if none, the employees' legal heirs, the permanent total disability benefits the deceased employees would have received if the benefits had been calculated without any reduction for retirement benefits received by the employees.

(c) A payer may take a credit against its obligations under paragraph (b), clauses (2) and (3), for:

(1) supplementary benefits previously paid to an employee that have been recharacterized as permanent total disability benefits under paragraph (b), clause (1); and

(2) permanent total disability benefits previously paid to an employee.

(d) The payer must pay the permanent total disability benefits as provided in paragraphs (b) and (c) within the time frames described in clauses (1) to (4). More than one time frame may apply to a claim.

(1) No later than 150 days following final enactment, the payer must begin paying the recalculated permanent total disability benefit amounts to employees who are entitled to ongoing permanent total disability benefits.

(2) No later than 210 days following final enactment, the payer must pay employees the amounts that past permanent total disability benefits were underpaid.

(3) No later than 270 days following final enactment, the payer must pay the employees' dependents or legal heirs the amounts that permanent total disability benefits were underpaid.

(4) The commissioner may waive payment under paragraphs (b) and (c) or extend these time frames if the payer, after making a good-faith effort, is unable to: locate an employee; identify or locate the dependents or legal heirs of a deceased employee; or locate documentation to determine the amount of an underpayment.

(e) Paragraphs (a) to (d) do not apply if:

(1) the employee died before January 1, 2008;

(2) the employee's last permanent total disability benefit was paid before January 1, 2000;

(3) the employee's last permanent total disability benefit would have been paid before January 1, 2000, if it had not been reduced by his or her retirement benefits;

(4) a stipulation for settlement, signed by the employee and approved by a compensation judge, provided for a full, final, and complete settlement of permanent total disability benefits under this chapter in exchange for a lump sum payment amount or a lump sum converted to a structured annuity;

(5) a final court order, or a stipulation for settlement signed by the employee and approved by a compensation judge, explicitly states the employee's permanent total disability benefits may be reduced by specified retirement benefits. Paragraphs (a) to (d) apply if a court order or stipulation for settlement is ambiguous about whether the employee's permanent total disability benefits could be reduced by retirement benefits; or

(6) a final court order or a stipulation for settlement described in clause (4) or (5) was vacated after the effective date of this section.

Subd. 3. **Reimbursement of supplementary benefits.** (a) Except as provided in subdivision 9, paragraph (a), clause (2), a payer that has complied with the requirements of subdivision 2, paragraphs (a) to (d):

(1) is not required to repay supplementary benefits for any claim that the special compensation fund over reimbursed due to the payer's reduction of any employee's permanent total disability benefits by retirement benefits received by the employee;

(2) is entitled to reimbursement of supplementary benefits paid or payable before August 13, 2014, to the extent the special compensation fund denied reimbursement due to the payer's reduction of any employee's permanent total disability benefits by the employee's retirement benefits; and

(3) is entitled to reimbursement of supplementary benefits the special compensation fund withheld under section 176.129, subdivision 13, paragraph (a), to offset supplementary benefits that were over reimbursed due to the payer's reduction of any employee's permanent total disability benefits by the employee's retirement benefits.

(b) Paragraph (a) does not preclude the special compensation fund from denying reimbursement of supplementary benefits, or adjusting the reimbursement amount, for any reason other than reduction of permanent total disability benefits by the employee's retirement benefits.

Subd. 4. **Assessments.** (a) Except as provided in subdivision 6, paragraph (b), clause (2), and subdivision 9, paragraph (a), clause (2), a payer that has complied with the requirements of subdivision 2, paragraphs (a) to (d), is not required to pay past or future assessments under section 176.129 on the amount of increased or additional permanent total disability benefits paid, or on supplementary benefits that are appropriately characterized as permanent total disability benefits, due to the elimination of the retirement benefit reduction.

(b) The special compensation fund shall not recalculate assessments previously paid by any payer because of the assessment adjustments in paragraph (a).

(c) The assessment adjustments described in paragraph (a) do not apply to permanent total disability benefits paid to employees with dates of injury on or after August 13, 2014. Payers must pay full assessments according to section 176.129 on permanent total disability benefits calculated without a reduction for retirement benefits for these employees.

Subd. 5. **Refunds.** (a) A payer is entitled to a refund from the special compensation fund if:

(1) the payer complies with the requirements of subdivision 2, paragraphs (a) to (d); and

(2) due to the elimination of the retirement benefit reduction, the payer repaid the special compensation fund for over reimbursement of supplementary benefits, or paid assessments on the increased permanent total disability benefits for employees with dates of injury before August 13, 2014.

(b) The special compensation fund must issue a refund within 30 days after receiving the payer's documentation of compliance with subdivision 2, paragraphs (a) to (d), and an itemization by claim of the amount repaid or paid to the special compensation fund as described in paragraph (a), clause (2).

(c) The special compensation fund must pay interest on any refunded amount under this section to the payer at an annual rate of four percent, calculated from the date the payer repaid or paid the special compensation fund as described in paragraph (a), clause (2).

Subd. 6. **Applicability.** (a) This section does not preclude any employee, dependent, or legal heir from pursuing additional benefits beyond those paid under subdivision 2, paragraphs (b) to (d); however, the payments under subdivision 2, paragraphs (b) to (d), are not to be construed as an admission of liability by the payer in any proceeding. The payments cannot be used to justify additional claims; they represent a compromise between the payer and the special compensation fund on supplementary benefits and assessments. Payers reserve any and all defenses to claims to which this section does not apply.

(b) If an employee, dependent, or legal heir pursues additional benefits, claims, or penalties related to the benefits paid or payable under subdivision 2, paragraphs (b) to (d), payers may assert any and all defenses including, but not limited to, those specified in subdivision 2, paragraph (e), clauses (4) and (5), with respect to the additional benefits, claims, and penalties, and any future permanent total disability benefits payable, subject to the following conditions:

(1) if it is determined by a compensation judge, the Workers' Compensation Court of Appeals, or the Minnesota Supreme Court that the payer is entitled to reduce the employee's permanent total

disability benefits by retirement benefits received by the employee, the payer shall not recover any overpayment that results from benefits the employee, dependent, or legal heir has already received under subdivision 2, paragraphs (b) to (d). Notwithstanding section 176.129, the payer shall not take a credit against an employee's future benefits for any such overpayment; and

(2) if it is determined by a compensation judge, the Workers' Compensation Court of Appeals, or the Minnesota Supreme Court that the payer is not entitled to reduce the employee's permanent total disability benefits by retirement benefits received by the employee, the payer is not entitled to the relief provided in subdivision 4 as applied to the claim of the specific employee, dependent, or legal heir.

(c) A payer shall not assert defenses related to the offset of retirement benefits against an employee's future permanent total disability benefits if the only additional claims asserted by the employee under paragraph (b) are for attorney fees, costs and disbursements, and an additional award pursuant to section 176.081, subdivision 7.

Subd. 7. **Procedure.** No later than 60 days after final enactment, in consultation with affected payers, the commissioner must establish a procedure, which may include forms, to implement this section.

Subd. 8. **Reporting.** This section does not affect a payer's obligation to report the full amount of permanent total disability benefits paid to the extent required by this chapter or other law. A payer must report supplementary benefits as permanent total disability benefits if the supplementary benefits were paid because the permanent total disability benefits were reduced by retirement benefits received by the employee.

Subd. 9. **Failure to comply.** (a) If a payer reports to the department that it has complied with the requirements of subdivision 2, paragraphs (a) to (d), but the payer has not paid an employee, dependent, or legal heir, as required by subdivision 2, the payer is subject to the following:

(1) the payer must issue payment to the employee, dependent, or legal heir within 14 days of the date the payer discovers the noncompliance or the date the department notifies the payer of the noncompliance;

(2) the payer is not entitled to the relief provided in subdivisions 3 and 4 as applied to the claim of the specific employee, dependent, or legal heir who was not paid as required by subdivision 2;

(3) the special compensation fund may immediately begin collection of any assessments or over-reimbursement owed for the claim;

(4) if the commissioner determines that a payer's failure to comply under this subdivision was not in good faith, the commissioner may assess a penalty, payable to the employee, dependent, or legal heir, of up to 25 percent of the total permanent total disability benefits underpaid; and

(5) if the payer is found after a hearing to be liable for increased or additional permanent total disability benefits because the employee's permanent total disability benefits were improperly reduced by his or her retirement benefits, the compensation judge shall assess a penalty against the payer, payable to the employee or dependent, up to the total amount of the permanent total disability benefits that were not paid pursuant to subdivision 2. The compensation judge may issue a penalty against the payer, up to the total amount of the permanent total disability benefits underpaid, payable to a legal heir.



(b) The penalties assessed under this subdivision are in addition to any other penalty that may be, or is required to be, assessed under this chapter; however, the commissioner shall not assess a penalty against a payer for late payment of permanent total disability benefits if the employee's benefits have been paid and documented in accordance with subdivision 2.

(c) If a payer and the special compensation fund have agreed to a list of employees required to be paid under subdivision 2, this subdivision does not apply to any claim with a date of injury before October 1, 1995, that is not on the agreed-upon list.

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

## ARTICLE 5

### WORKERS' COMPENSATION ADVISORY COUNCIL; WORKERS' COMPENSATION INTERVENTION

Section 1. Minnesota Statutes 2016, section 176.361, subdivision 2, is amended to read:

Subd. 2. **Written motion.** A person desiring to intervene in a workers' compensation case as a party, including but not limited to a health care provider who has rendered services to an employee or an insurer who has paid benefits under section 176.191, shall submit a timely written motion to intervene to the commissioner, the office, or to the court of appeals, whichever is applicable.

(a) The motion must be served on all parties, except for other intervenors, either personally, by first class mail, or by registered mail, return receipt requested. A motion to intervene must be served and filed within 60 days after a potential intervenor has been served with notice of a right to intervene or within 30 days of notice of an administrative conference or expedited hearing. Upon the filing of a timely motion to intervene, the potential intervenor shall be granted intervenor status without the need for an order. Objections to the intervention may be subsequently addressed by a compensation judge. Where a motion to intervene is not timely filed under this section, the potential intervenor interest shall be extinguished and the potential intervenor may not collect, or attempt to collect, the extinguished interest from the employee, employer, insurer, or any government program.

(b) The motion must show how the applicant's legal rights, duties, or privileges may be determined or affected by the case; state the grounds and purposes for which intervention is sought; and indicate the statutory right to intervene. The motion must be accompanied by the following:

(1) an itemization of disability payments showing the period during which the payments were or are being made; the weekly or monthly rate of the payments; and the amount of reimbursement claimed;

(2) a summary of the medical or treatment payments, or rehabilitation services provided by the Vocational Rehabilitation Unit, broken down by creditor, showing the total bill submitted, the period of treatment or rehabilitation covered by that bill, the amount of payment on that bill, and to whom the payment was made;

(3) copies of all medical or treatment bills for which payment is sought;

(4) copies of the work sheets or other information stating how the payments on medical or treatment bills were calculated;

(5) a copy of the relevant policy or contract provisions upon which the claim for reimbursement is based;

(6) the name and telephone number of the person representing the intervenor who has authority to represent the intervenor, including but not limited to the authority to reach a settlement of the issues in dispute;

(7) proof of service or copy of the registered mail receipt evidencing service on all parties except for other intervenors;

(8) at the option of the intervenor, a proposed stipulation which states that all of the payments for which reimbursement is claimed are related to the injury or condition in dispute in the case and that, if the petitioner is successful in proving the compensability of the claim, it is agreed that the sum be reimbursed to the intervenor; and

(9) if represented by an attorney, the name, address, telephone number, and Minnesota Supreme Court license number of the attorney.

Sec. 2. Minnesota Statutes 2016, section 176.361, subdivision 3, is amended to read:

Subd. 3. **Stipulation.** If the person ~~submitting the~~ filing a timely motion to intervene has included a proposed stipulation, all parties shall either execute and return the signed stipulation to the intervenor who must file it with the division or judge or serve upon the intervenor and all other parties and file with the division specific and detailed objections to any services rendered or payments made by the intervenor which are not conceded to be correct and related to the injury or condition the petitioner has asserted is compensable. If a party has not returned the signed stipulation or filed specific and detailed objections within 30 days of service of the motion to intervene, the intervenor's right to reimbursement for the amount sought is deemed established provided that the petitioner's claim is determined to be compensable. The office may establish procedures for filing objections if a timely motion to intervene is filed less than 30 days before a scheduled hearing.

Sec. 3. Minnesota Statutes 2016, section 176.521, is amended by adding a subdivision to read:

Subd. 2b. **Partial settlement.** (a) The parties may file a partial stipulation for settlement which resolves the claims of the employee and reserves the claims of one or more intervenors. If the partial stipulation, or a letter of agreement attached to the partial stipulation, is not signed by an intervenor, the partial stipulation must include a statement that the parties were unable to:

(1) obtain a response from the nonsigning intervenor regarding clarification or confirmation of its interest or an offer of settlement within a reasonable time despite good-faith efforts to obtain a response;

(2) reach agreement with the nonsigning intervenor despite the belief that the parties negotiated with the intervenor in good faith and made a reasonable offer to settle the intervention claim; or

(3) obtain the nonsigning intervenor's signature within a reasonable time after an agreement was reached with the intervenor.

The partial stipulation must include detailed and case-specific support for the parties' statements. In addition, the partial stipulation must reserve the nonsigning intervenor's interests to pursue its claim at a hearing on the merits, and must contain a statement that the employee will cooperate at the hearing.

(b) Prior to filing the partial stipulation for approval, a copy of the partial stipulation must be served on all parties, including the nonsigning intervenor, together with a written notification that the settling parties intend to file the partial stipulation for approval by a compensation judge and of the nonsigning intervenor's right to request a hearing on the merits of the intervenor's claim.

(c) Within ten days after service of a partial stipulation for settlement and notice of an intent to file for approval by a compensation judge, a nonsigning intervenor may serve and file a written objection to approval of the partial stipulation, which filing must provide a detailed and case-specific factual basis establishing that approval of the partial stipulation will adversely impact the rights of the intervenor.

(d) After expiration of the ten-day period within which a nonsigning intervenor may serve and file its written objection, any party may file for approval a partial stipulation for settlement which conforms with this section. An affidavit of service must accompany the partial stipulation when it is filed for approval.

(e) Unless the compensation judge has a reasonable belief that approval of the partial stipulation will adversely impact the rights of the nonsigning intervenor, the compensation judge shall immediately issue the award and file it with the commissioner. The issuance of the award shall be accompanied by notice to the intervenors and other parties of their right to request amended findings within a period of 30 days following the date of issuance in conformity with applicable law.

(f) If the compensation judge has a reasonable belief that approval of the partial stipulation will adversely impact the rights of the intervenor, the compensation judge shall disapprove the stipulation by written order detailing a factual basis for the determination of adverse impact.

#### Sec. 4. **RULEMAKING.**

The Office of Administrative Hearings is directed to use the expedited rulemaking provisions of Minnesota Statutes, section 14.389, to amend Minnesota Rules, part 1420.1850, to conform to the amendments of Minnesota Statutes, section 176.361, subdivision 3.

### ARTICLE 6

#### EMPLOYMENT AND ECONOMIC DEVELOPMENT

##### Section 1. **[116J.4221] RURAL POLICY AND DEVELOPMENT CENTER FUND.**

(a) A rural policy and development center fund is established as an account in the special revenue fund in the state treasury. The commissioner of management and budget shall credit to the account the amounts authorized under this section and appropriations and transfers to the account. The State Board of Investment shall ensure that account money is invested under section 11A.24. All money earned by the account must be credited to the account. The principal of the account and any unexpended earnings must be invested and reinvested by the State Board of Investment.

(b) Gifts and donations, including land or interests in land, may be made to the account. Noncash gifts and donations must be disposed of for cash as soon as the board prudently can maximize the value of the gift or donation. Gifts and donations of marketable securities may be held or be disposed of for cash at the option of the board. The cash receipts of gifts and donations of cash or capital assets and marketable securities disposed of for cash must be credited immediately to the principal of the account. The value of marketable securities at the time the gift or donation is made must be

credited to the principal of the account and any earnings from the marketable securities are earnings of the account. The earnings in the account are annually appropriated to the board of the Center for Rural Policy and Development to carry out the duties of the center.

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

Sec. 2. Minnesota Statutes 2016, section 116J.8731, subdivision 2, is amended to read:

Subd. 2. **Administration.** (a) Except as otherwise provided in this section, the commissioner shall administer the fund as part of the Small Cities Development Block Grant Program and funds shall be made available to local communities and recognized Indian tribal governments in accordance with the rules adopted for economic development grants in the small cities community development block grant program. All units of general purpose local government are eligible applicants for Minnesota investment funds. The commissioner may provide forgivable loans directly to a private enterprise and not require a local community or recognized Indian tribal government application other than a resolution supporting the assistance.

(b) Eligible applicants for the state-funded portion of the fund also include development authorities as defined in section 116J.552, subdivision 4, provided that the governing body of the municipality approves, by resolution, the application of the development authority. A local government entity may receive more than one award in a fiscal year. The commissioner may also make funds available within the department for eligible expenditures under subdivision 3, clause (2).

(c) A home rule charter or statutory city, county, or town may loan or grant money received from repayment of funds awarded under this section to a regional development commission, other regional entity, or statewide community capital fund as determined by the commissioner, to capitalize or to provide the local match required for capitalization of a regional or statewide revolving loan fund.

Sec. 3. Minnesota Statutes 2016, section 116J.8731, is amended by adding a subdivision to read:

Subd. 10. **Transfer.** The commissioner may transfer up to \$2,000,000 of a fiscal year's appropriation between the Minnesota job creation fund program and Minnesota investment fund to meet business demand.

Sec. 4. Minnesota Statutes 2016, section 116J.8748, subdivision 1, is amended to read:

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

(b) "Agreement" or "business subsidy agreement" means a business subsidy agreement under section 116J.994 that must include, but is not limited to: specification of the duration of the agreement, job goals and a timeline for achieving those goals over the duration of the agreement, construction and other investment goals and a timeline for achieving those goals over the duration of the agreement, and the value of benefits the firm may receive following achievement of capital investment and employment goals. The local government and business must report to the commissioner on the business performance using the forms developed by the commissioner.

(c) "Business" means an individual, corporation, partnership, limited liability company, association, or other entity.

(d) "Capital investment" means money that is expended for the purpose of building or improving real fixed property where employees under paragraphs (g) and (h) are or will be employed and also includes construction materials, services, and supplies, and the purchase and installation of equipment and machinery as provided under subdivision 4, paragraph (b), clause (5).

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

(f) "Minnesota job creation fund business" means a business that is designated by the commissioner under subdivision 3.

(g) "Minority person" means a person belonging to a racial or ethnic minority as defined in Code of Federal Regulations, title 49, section 23.5.

~~(g)~~ (h) "New full-time employee" means an employee who:

(1) begins work at a Minnesota job creation fund business facility noted in a business subsidy agreement and following the designation as a job creation fund business; and

(2) has expected work hours of at least 2,080 hours annually.

(i) "Persons with disabilities" means an individual with a disability, as defined under the Americans with Disabilities Act, United States Code, title 42, section 12102.

~~(h)~~ (j) "Retained job" means a full-time position:

(1) that existed at the facility prior to the designation as a job creation fund business; and

(2) has expected work hours of at least 2,080 hours annually.

(k) "Veteran" means a veteran as defined in section 197.447.

~~(i)~~ (l) "Wages" has the meaning given in section 290.92, subdivision 1, clause (1).

Sec. 5. Minnesota Statutes 2016, section 116J.8748, subdivision 3, is amended to read:

Subd. 3. **Minnesota job creation fund business designation; requirements.** (a) To receive designation as a Minnesota job creation fund business, a business must satisfy all of the following conditions:

(1) the business is or will be engaged in, within Minnesota, one of the following as its primary business activity:

(i) manufacturing;

(ii) warehousing;

(iii) distribution;

(iv) information technology;

(v) finance;

(vi) insurance; or

(vii) professional or technical services;

(2) the business must not be primarily engaged in lobbying; gambling; entertainment; professional sports; political consulting; leisure; hospitality; or professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants, or primarily engaged in making retail sales to purchasers who are physically present at the business's location;

(3) the business must enter into a binding construction and job creation business subsidy agreement with the commissioner to expend directly, or ensure expenditure by or in partnership with a third party constructing or managing the project, at least \$500,000 in capital investment in a capital investment project that includes a new, expanded, or remodeled facility within one year following designation as a Minnesota job creation fund business or \$250,000 if the project is located outside the metropolitan area as defined in section 200.02, subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans, women, or persons with a disability; and:

(i) create at least ten new full-time employee positions within two years of the benefit date following the designation as a Minnesota job creation fund business or five new full-time employee positions within two years of the benefit date if the project is located outside the metropolitan area as defined in section 200.02, subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans, women, or persons with a disability; or

(ii) expend at least \$25,000,000, which may include the installation and purchase of machinery and equipment, in capital investment and retain at least 200 employees for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and 75 employees for projects located outside the metropolitan area;

(4) positions or employees moved or relocated from another Minnesota location of the Minnesota job creation fund business must not be included in any calculation or determination of job creation or new positions under this paragraph; and

(5) a Minnesota job creation fund business must not terminate, lay off, or reduce the working hours of an employee for the purpose of hiring an individual to satisfy job creation goals under this subdivision.

(b) Prior to approving the proposed designation of a business under this subdivision, the commissioner shall consider the following:

(1) the economic outlook of the industry in which the business engages;

(2) the projected sales of the business that will be generated from outside the state of Minnesota;

(3) how the business will build on existing regional, national, and international strengths to diversify the state's economy;

(4) whether the business activity would occur without financial assistance;

(5) whether the business is unable to expand at an existing Minnesota operation due to facility or land limitations;

(6) whether the business has viable location options outside Minnesota;

(7) the effect of financial assistance on industry competitors in Minnesota;

(8) financial contributions to the project made by local governments; and

(9) any other criteria the commissioner deems necessary.

(c) Upon receiving notification of local approval under subdivision 2, the commissioner shall review the determination by the local government and consider the conditions listed in paragraphs (a) and (b) to determine whether it is in the best interests of the state and local area to designate a business as a Minnesota job creation fund business.

(d) If the commissioner designates a business as a Minnesota job creation fund business, the business subsidy agreement shall include the performance outcome commitments and the expected financial value of any Minnesota job creation fund benefits.

(e) The commissioner may amend an agreement once, upon request of a local government on behalf of a business, only if the performance is expected to exceed thresholds stated in the original agreement.

(f) A business may apply to be designated as a Minnesota job creation fund business at the same location more than once only if all goals under a previous Minnesota job creation fund agreement have been met and the agreement is completed.

Sec. 6. Minnesota Statutes 2016, section 116J.8748, subdivision 4, is amended to read:

Subd. 4. **Certification; benefits.** (a) The commissioner may certify a Minnesota job creation fund business as eligible to receive a specific value of benefit under paragraphs (b) and (c) when the business has achieved its job creation and capital investment goals noted in its agreement under subdivision 3.

(b) A qualified Minnesota job creation fund business may be certified eligible for the benefits in this paragraph for up to five years for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and seven years for projects located outside the metropolitan area, as determined by the commissioner when considering the best interests of the state and local area. Notwithstanding section 16B.98, subdivision 5, paragraph (a), clause (3), or 16B.98, subdivision 5, paragraph (b), grant agreements for projects located outside the metropolitan area may be for up to seven years in length. The eligibility for the following benefits begins the date the commissioner certifies the business as a qualified Minnesota job creation fund business under this subdivision:

(1) up to five percent rebate for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and 7.5 percent for projects located outside the metropolitan area, on capital investment on qualifying purchases as provided in subdivision 5 with the total rebate for a project not to exceed \$500,000;

(2) an award of up to \$500,000 based on full-time job creation and wages paid as provided in subdivision 6 with the total award not to exceed \$500,000;

(3) up to \$1,000,000 in capital investment rebates and \$1,000,000 in job creation awards are allowable for projects that have at least \$25,000,000 in capital investment and 200 new employees in the metropolitan area as defined in section 200.02, subdivision 24, and 75 new employees for projects located outside the metropolitan area;

(4) up to \$1,000,000 in capital investment rebates are allowable for projects that have at least \$25,000,000 in capital investment and 200 retained employees for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and 75 employees for projects located outside the metropolitan area; and

(5) for clauses (3) and (4) only, the capital investment expenditure requirements may include the installation and purchases of machinery and equipment. These expenditures are not eligible for the capital investment rebate provided under subdivision 5.

(c) The job creation award may be provided in multiple years as long as the qualified Minnesota job creation fund business continues to meet the job creation goals provided for in its agreement under subdivision 3 and the total award does not exceed \$500,000 except as provided under paragraph (b), clauses (3) and (4).

(d) No rebates or award may be provided until the Minnesota job creation fund business or a third party constructing or managing the project has at least \$500,000 in capital investment in the project and at least ten full-time jobs have been created and maintained for at least one year or the retained employees, as provided in paragraph (b), clause (4), remain for at least one year. The agreement may require additional performance outcomes that need to be achieved before rebates and awards are provided. If fewer retained jobs are maintained, but still above the minimum under this subdivision, the capital investment award shall be reduced on a proportionate basis.

(e) The forms needed to be submitted to document performance by the Minnesota job creation fund business must be in the form and be made under the procedures specified by the commissioner. The forms shall include documentation and certification by the business that it is in compliance with the business subsidy agreement, sections 116J.871 and 116L.66, and other provisions as specified by the commissioner.

(f) Minnesota job creation fund businesses must pay each new full-time employee added pursuant to the agreement total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 110 percent of the federal poverty level for a family of four.

(g) A Minnesota job creation fund business must demonstrate reasonable progress on ~~its~~ capital investment expenditures within six months following designation as a Minnesota job creation fund business to ensure that the capital investment goal in the agreement under subdivision 1 will be met. Businesses not making reasonable progress will not be eligible for benefits under the submitted application and will need to work with the local government unit to resubmit a new application and request to be a Minnesota job creation fund business. Notwithstanding the goals noted in its agreement under subdivision 1, this action shall not be considered a default of the business subsidy agreement.

Sec. 7. Minnesota Statutes 2016, section 116J.8748, subdivision 6, is amended to read:

Subd. 6. **Job creation award.** (a) A qualified Minnesota job creation fund business is eligible for an annual award for each new job created and maintained by the business using the following schedule: \$1,000 for each job position paying annual wages at least \$26,000 but less than \$35,000; \$2,000 for each job position paying at least \$35,000 but less than \$45,000; and \$3,000 for each job position paying at least \$45,000; and as noted in the goals under the agreement provided under subdivision 1. These awards are increased by \$1,000 if the business is located outside the metropolitan area as defined in section 200.02, subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans, women, or persons with a disability.

(b) The job creation award schedule must be adjusted annually using the percentage increase in the federal poverty level for a family of four.



(c) Minnesota job creation fund businesses seeking an award credit provided under subdivision 4 must submit forms and applications to the Department of Employment and Economic Development as prescribed by the commissioner.

**Sec. 8. [116J.9922] CENTRAL MINNESOTA OPPORTUNITY GRANT PROGRAM.**

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

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

(c) "Community initiative" means a nonprofit organization which provides services to central Minnesota communities of color in one or more of the program areas listed in subdivision 4, paragraph (a).

(d) "Foundation" means the Central Minnesota Community Foundation.

Subd. 2. **Establishment.** The commissioner shall establish a central Minnesota opportunity grant program, administered by the foundation, to identify and support community initiatives in the St. Cloud area that enhance long-term economic self-sufficiency by improving education, housing, and economic outcomes for central Minnesota communities of color.

Subd. 3. **Grant to the Central Minnesota Community Foundation.** The commissioner shall award all grant funds to the foundation, which shall administer the central Minnesota opportunity grant program. The foundation may use up to five percent of grant funds for administrative costs.

Subd. 4. **Grants to community initiatives.** (a) The foundation must award funds through a competitive grant process to community initiatives that will provide services, either alone or in partnership with another nonprofit organization, in one or more of the following areas:

(1) economic development, including but not limited to programs to foster entrepreneurship or small business development;

(2) education, including but not limited to programs to encourage civic engagement or provide youth after-school or recreation programs; or

(3) housing, including but not limited to, programs to prevent and respond to homelessness or to provide access to loans or grants for housing stability and affordability.

(b) To receive grant funds, a community initiative must submit a written application to the foundation, using a form developed by the foundation. This grant application must include:

(1) a description of the activities that will be funded by the grant;

(2) an estimate of the cost of each grant activity;

(3) the total cost of the project;

(4) the sources and amounts of nonstate funds supplementing the grant;

(5) how the project aims to achieve stated outcomes in areas including improved job training; workforce development; small business support; early childhood, kindergarten through grade 12, and higher education achievement; and access to housing, including loans; and

(6) any additional information requested by the foundation.

(c) In awarding grants under this subdivision, the foundation shall give weight to applications from organizations that demonstrate:

- (1) a history of successful provision of the services listed in paragraph (a); and
- (2) a history of successful fund-raising from private sources for such services.

(d) In evaluating grant applications, the foundation shall not consider the composition of a community initiative's governing board.

(e) Grant funds may be used by a community initiative for the following purposes:

(1) operating costs, including but not limited to staff, office space, computers, software, and Web development and maintenance services;

(2) program costs;

(3) travel within Minnesota;

(4) consultants directly related to and necessary for delivering services listed in paragraph (a); and

(5) capacity building.

Subd. 5. **Reports to the legislature.** By January 15, 2019, and each January 15 thereafter through 2022, the commissioner must submit a report to the chairs and ranking minority members of the house of representatives and the senate committees with jurisdiction over economic development that details the use of grant funds. This report must include data on the number of individuals served and, to the extent practical, measures of progress toward achieving the outcomes stated in subdivision 4, paragraph (b), clause (5).

Sec. 9. Minnesota Statutes 2016, section 116L.17, subdivision 1, is amended to read:

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

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

(c) "Dislocated worker" means an individual who is a resident of Minnesota at the time employment ceased or was working in the state at the time employment ceased and:

(1) has been permanently separated or has received a notice of permanent separation from public or private sector employment and is eligible for or has exhausted entitlement to unemployment benefits, and is unlikely to return to the previous industry or occupation;

(2) has been long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which the individual resides, including older individuals who may have substantial barriers to employment by reason of age;

(3) has been terminated or has received a notice of termination of employment as a result of a plant closing or a substantial layoff at a plant, facility, or enterprise;

(4) has been self-employed, including farmers and ranchers, and is unemployed as a result of general economic conditions in the community in which the individual resides or because of natural disasters;

~~(5) MS 2011 Supp [Expired, 2011 c 84 art 3 s 1]~~

~~(6)~~ (5) is a veteran as defined by section 197.447, has been discharged or released from active duty under honorable conditions within the last 36 months, and (i) is unemployed or (ii) is employed in a job verified to be below the skill level and earning capacity of the veteran;

~~(7)~~ (6) is an individual determined by the United States Department of Labor to be covered by trade adjustment assistance under United States Code, title 19, sections 2271 to 2331, as amended; or

~~(8)~~ (7) is a displaced homemaker. A "displaced homemaker" is an individual who has spent a substantial number of years in the home providing homemaking service and (i) has been dependent upon the financial support of another; and now due to divorce, separation, death, or disability of that person, must find employment to self support; or (ii) derived the substantial share of support from public assistance on account of dependents in the home and no longer receives such support. To be eligible under this clause, the support must have ceased while the worker resided in Minnesota.

For the purposes of this section, "dislocated worker" does not include an individual who was an employee, at the time employment ceased, of a political committee, political fund, principal campaign committee, or party unit, as those terms are used in chapter 10A, or an organization required to file with the federal elections commission.

(d) "Eligible organization" means a state or local government unit, nonprofit organization, community action agency, business organization or association, or labor organization.

(e) "Plant closing" means the announced or actual permanent shutdown of a single site of employment, or one or more facilities or operating units within a single site of employment.

(f) "Substantial layoff" means a permanent reduction in the workforce, which is not a result of a plant closing, and which results in an employment loss at a single site of employment during any 30-day period for at least 50 employees excluding those employees that work less than 20 hours per week.

Sec. 10. Minnesota Statutes 2016, section 116L.665, is amended to read:

### **116L.665 WORKFORCE DEVELOPMENT COUNCIL BOARD.**

Subdivision 1. **Creation.** ~~The governor's Workforce Development Council is created under the authority of the Workforce Investment Act, United States Code, title 29, section 2801, et seq. Local workforce development councils are authorized under the Workforce Investment Act. The governor's Workforce Development Council serves as Minnesota's Workforce Investment Board for the purposes of the federal Workforce Investment Act.~~ Board serves as Minnesota's state workforce development board for the purposes of the federal Workforce Innovation and Opportunity Act, United States Code, title 29, section 3111, and must perform the duties under that act.

Subd. 2. **Membership.** (a) ~~The governor's Workforce Development Council Board is composed of 31 members appointed by the governor. The members may be removed pursuant to section 15.059. In selecting the representatives of the council board, the governor shall ensure that 50 percent a majority of the members come from nominations provided by local workforce councils. Local education representatives shall come from nominations provided by local education to employment partnerships. The 31 members shall represent the following sectors: the private sector, pursuant to United States Code, title 29, section 3111. For the public members, membership terms,~~

compensation of members, and removal of members are governed by section 15.059, subdivisions 2, 3, and 4. To the extent practicable, the membership should be balanced as to gender and ethnic diversity.

~~(a) State agencies: the following individuals shall serve on the council:~~

~~(1) commissioner of the Minnesota Department of Employment and Economic Development;~~

~~(2) commissioner of the Minnesota Department of Education; and~~

~~(3) commissioner of the Minnesota Department of Human Services.~~

~~(b) Business and industry: six individuals shall represent the business and industry sectors of Minnesota.~~

~~(c) Organized labor: six individuals shall represent labor organizations of Minnesota.~~

~~(d) Community-based organizations: four individuals shall represent community-based organizations of Minnesota. Community-based organizations are defined by the Workforce Investment Act as private nonprofit organizations that are representative of communities or significant segments of communities and that have demonstrated expertise and effectiveness in the field of workforce investment and may include entities that provide job training services, serve youth, serve individuals with disabilities, serve displaced homemakers, union-related organizations, employer-related nonprofit organizations, and organizations serving nonreservation Indians and tribal governments.~~

~~(e) Education: six individuals shall represent the education sector of Minnesota as follows:~~

~~(1) one individual shall represent local public secondary education;~~

~~(2) one individual shall have expertise in design and implementation of school-based service-learning;~~

~~(3) one individual shall represent leadership of the University of Minnesota;~~

~~(4) one individual shall represent secondary/postsecondary vocational institutions;~~

~~(5) the chancellor of the Board of Trustees of the Minnesota State Colleges and Universities; and~~

~~(6) one individual shall have expertise in agricultural education.~~

~~(f) Other: two individuals shall represent other constituencies including:~~

~~(1) units of local government; and~~

~~(2) applicable state or local programs.~~

~~The speaker and the minority leader of the house of representatives shall each appoint a representative to serve as an ex officio member of the council. The majority and minority leaders of the senate shall each appoint a senator to serve as an ex officio member of the council.~~

~~The governor shall appoint one individual representing public libraries, one individual with expertise in assisting women in obtaining employment in high-wage, high-demand, nontraditional occupations, and one individual representing adult basic education programs to serve as nonvoting advisors to the council.~~

(b) No person shall serve as a member of more than one category described in paragraph (c).

(c) Voting members shall consist of the following:

(1) the governor or the governor's designee;

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

(3) two members of the senate, one appointed by the senate majority leader and one appointed by the senate minority leader;

(4) a majority of the members must be representatives of businesses in the state appointed by the governor who:

(i) are owners of businesses, chief executives, or operating officers of businesses, or other business executives or employers with optimum policy-making or hiring authority and who, in addition, may be members of a local board under United States Code, title 29, section 3122(b)(2)(A)(i);

(ii) represent businesses, including small businesses, or organizations representing businesses that provide employment opportunities that, at a minimum, include high-quality, work-relevant training and development in in-demand industry sectors or occupations in the state; and

(iii) are appointed from individuals nominated by state business organizations and business trade associations;

(5) six representatives of labor organizations appointed by the governor, including:

(i) representatives of labor organizations who have been nominated by state labor federations; and

(ii) a member of a labor organization or a training director from a joint labor organization;

(6) commissioners of the state agencies with primary responsibility for core programs identified within the state plan including:

(i) the Department of Employment and Economic Development;

(ii) the Department of Education; and

(iii) the Department of Human Services;

(7) two chief elected officials, appointed by the governor, collectively representing cities and counties;

(8) two representatives who are people of color or people with disabilities, appointed by the governor, of community-based organizations that have demonstrated experience and expertise in addressing the employment, training, or education needs of individuals with barriers to employment; and

(9) four officials responsible for education programs in the state, appointed by the governor, including chief executive officers of community colleges and other institutions of higher education, including:

(i) the chancellor of the Minnesota State Colleges and Universities;

- (ii) the president of the University of Minnesota;
- (iii) a president from a private postsecondary school; and
- (iv) a representative of career and technical education.

(d) The nonvoting members of the board shall be appointed by the governor and consist of one of each of the following:

- (1) a representative of Adult Basic Education;
- (2) a representative of public libraries;
- (3) a person with expertise in women's economic security;
- (4) the chair or executive director of the Minnesota Workforce Council Association;
- (5) the commissioner of labor and industry;
- (6) the commissioner of the Office of Higher Education;
- (7) the commissioner of corrections;
- (8) the commissioner of management and budget;
- (9) two representatives of community-based organizations who are people of color or people with disabilities who have demonstrated experience and expertise in addressing the employment, training, and education needs of individuals with barriers to employment;
- (10) a representative of secondary, postsecondary, or career-technical education;
- (11) a representative of school-based service learning;
- (12) a representative of the Council on Asian-Pacific Minnesotans;
- (13) a representative of the Minnesota Council on Latino Affairs;
- (14) a representative of the Council for Minnesotans of African Heritage;
- (15) a representative of the Minnesota Indian Affairs Council;
- (16) a representative of the Minnesota State Council on Disability; and
- (17) a representative of the Office on the Economic Status of Women.

~~(g) Appointment:~~ (e) Each member shall be appointed for a term of three years from the first day of January or July immediately following their appointment. Elected officials shall forfeit their appointment if they cease to serve in elected office.

~~(h) Members of the council are compensated as provided in section 15.059, subdivision 3.~~

Subd. 2a. **Council Board meetings; chair.** ~~(a) If compliance with section 13D.02 is impractical, the Governor's Workforce Development Council may conduct a meeting of its members by telephone or other electronic means so long as the following conditions are met:~~

~~(1) all members of the council participating in the meeting, wherever their physical location, can hear one another and can hear all discussion and testimony;~~

~~(2) members of the public present at the regular meeting location of the council can hear clearly all discussion and testimony and all votes of members of the council and, if needed, receive those services required by sections 15.44 and 15.441;~~

~~(3) at least one member of the council is physically present at the regular meeting location; and~~

~~(4) all votes are conducted by roll call, so each member's vote on each issue can be identified and recorded.~~

~~(b) Each member of the council participating in a meeting by telephone or other electronic means is considered present at the meeting for purposes of determining a quorum and participating in all proceedings.~~

~~(c) If telephone or other electronic means is used to conduct a meeting, the council, to the extent practical, shall allow a person to monitor the meeting electronically from a remote location. The council may require the person making such a connection to pay for documented marginal costs that the council incurs as a result of the additional connection.~~

~~(d) If telephone or other electronic means is used to conduct a regular, special, or emergency meeting, the council shall provide notice of the regular meeting location, of the fact that some members may participate by telephone or other electronic means, and of the provisions of paragraph (e). The timing and method of providing notice is governed by section 13D.04.~~

(a) The board shall hold regular in-person meetings at least quarterly and as often as necessary to perform the duties outlined in the statement of authority and the board's bylaws. Meetings shall be called by the chair. Special meetings may be called as needed. Notices of all meetings shall be made at least 48 hours before the meeting date.

(b) The governor shall designate a chair from among the appointed business representative voting members. The chair shall approve an agenda for each meeting. Members shall submit a written request for consideration of an agenda item no less than 24 hours in advance of the meeting. Members of the public may submit a written request within 48 hours of a meeting to be considered for inclusion in the agenda. Members of the public attending a meeting of the board may address the board only with the approval or at the request of the chair.

(c) All meeting notices must be posted on the board's Web site. All meetings of the board and committees must be open to the public. The board must make available to the public, on a regular basis through electronic means and open meetings, information regarding the activities of the board, information regarding membership, and, on request, minutes of formal meetings of the board.

(d) For the purpose of conducting business before the board at a duly called meeting, a simple majority of the voting members, excluding any vacancies, constitutes a quorum.

**Subd. 3. Purpose; duties.** ~~The governor's Workforce Development Council shall replace the governor's Job Training Council and assume all of its requirements, duties, and responsibilities under the Workforce Investment Act. Additionally, the Workforce Development Council shall assume the following duties and responsibilities:~~

~~(a) Review the provision of services and the use of funds and resources under applicable federal human resource programs and advise the governor on methods of coordinating the provision of services and the use of funds and resources consistent with the laws and regulations governing the programs. For purposes of this section, applicable federal and state human resource programs mean the:~~

- ~~(1) Workforce Investment Act, United States Code, title 29, section 2911, et seq.;~~
- ~~(2) Carl D. Perkins Vocational and Applied Technology Education Act, United States Code, title 20, section 2301, et seq.;~~
- ~~(3) Adult Education Act, United States Code, title 20, section 1201, et seq.;~~
- ~~(4) Wagner-Peyser Act, United States Code, title 29, section 49;~~
- ~~(5) Personal Responsibility and Work Opportunities Act of 1996 (TANF);~~
- ~~(6) Food Stamp Act of 1977, United States Code, title 7, section 6(d)(4), Food Stamp Employment and Training Program, United States Code, title 7, section 2015(d)(4); and~~
- ~~(7) programs defined in section 116L.19, subdivision 5.~~

~~Additional federal and state programs and resources can be included within the scope of the council's duties if recommended by the governor after consultation with the council.~~

~~(b) Review federal, state, and local education, postsecondary, job skills training, and youth employment programs, and make recommendations to the governor and the legislature for establishing an integrated seamless system for providing education and work skills development services to learners and workers of all ages.~~

~~(c) Advise the governor on the development and implementation of statewide and local performance standards and measures relating to applicable federal human resource programs and the coordination of performance standards and measures among programs.~~

~~(d) Promote education and employment transitions programs and knowledge and skills of entrepreneurship among employers, workers, youth, and educators, and encourage employers to provide meaningful work-based learning opportunities.~~

~~(e) Evaluate and identify exemplary education and employment transitions programs and provide technical assistance to local partnerships to replicate the programs throughout the state.~~

~~(f) Advise the governor on methods to evaluate applicable federal human resource programs.~~

~~(g) Sponsor appropriate studies to identify human investment needs in Minnesota and recommend to the governor goals and methods for meeting those needs.~~

~~(h) Recommend to the governor goals and methods for the development and coordination of a human resource system in Minnesota.~~

~~(i) Examine federal and state laws, rules, and regulations to assess whether they present barriers to achieving the development of a coordinated human resource system.~~

~~(j) Recommend to the governor and to the federal government changes in state or federal laws, rules, or regulations concerning employment and training programs that present barriers to achieving the development of a coordinated human resource system.~~

~~(k) Recommend to the governor and to the federal government waivers of laws and regulations to promote coordinated service delivery.~~

~~(l) Sponsor appropriate studies and prepare and recommend to the governor a strategic plan which details methods for meeting Minnesota's human investment needs and for developing and coordinating a state human resource system.~~



~~(m) Provide the commissioner of employment and economic development and the committees of the legislature with responsibility for economic development with recommendations provided to the governor under this subdivision.~~

~~(n) In consultation with local workforce councils and the Department of Employment and Economic Development, develop an ongoing process to identify and address local gaps in workforce services.~~

Subd. 4. **Executive committee duties.** The executive committee must, with advice and input of local workforce ~~councils~~ boards and other stakeholders as appropriate, develop performance standards for the state workforce centers. By January 15, ~~2002~~ 2019, and each odd-numbered year thereafter, the executive committee shall submit a report to the senate and house of representatives committees with jurisdiction over workforce development programs regarding the performance and outcomes of the workforce centers. The report must provide recommendations regarding workforce center funding levels and sources, program changes, and administrative changes.

Subd. 5. **Subcommittees.** The chair of the Workforce Development ~~Council~~ Board may establish subcommittees in order to carry out the duties and responsibilities of the ~~council~~ board.

Subd. 6. **Staffing.** ~~The Department of commissioner of employment and economic development must provide staff, including but not limited to professional, technical, and clerical staff to the board necessary to perform the duties assigned to the Minnesota Workforce Development Council. All staff report to the commissioner carry out the duties of the board. The council may ask for assistance from other units of state government as departments and agencies must provide the board with the assistance it requires in order to fulfill its duties and responsibilities.~~

Subd. 7. **Expiration.** ~~The council board~~ expires if there is no federal funding for the human resource programs within the scope of the ~~council's~~ board's duties.

Subd. 8. **Funding.** ~~The commissioner shall develop recommendations on a funding formula for allocating Workforce Investment Act funds to the council with a minimum allocation of employment and economic development must provide at least \$350,000 per each fiscal year. The commissioner shall report the funding formula recommendations to the legislature by January 15, 2011 from existing agency resources to the board for staffing and administrative expenses.~~

Sec. 11. Minnesota Statutes 2016, section 116M.14, subdivision 4, is amended to read:

Subd. 4. **Low-income area.** "Low-income area" means:

- (1) Minneapolis, St. Paul;
- (2) those cities in the metropolitan area as defined in section 473.121, subdivision 2, that have an average income a median income for a family of four that is below 80 percent of the median income for a four-person family as of the latest report by the United States Census Bureau; and
- (3) the area outside the metropolitan area.

Sec. 12. Minnesota Statutes 2016, section 116M.17, subdivision 4, is amended to read:

Subd. 4. **Reports.** ~~The board~~ department shall submit an annual report to the legislature of an accounting of loans made under section 116M.18, including information on loans made, the number

of jobs created by the program, the impact on low-income areas, and recommendations concerning minority business development and jobs for persons in low-income areas.

Sec. 13. Minnesota Statutes 2016, section 116M.18, subdivision 1a, is amended to read:

Subd. 1a. **Statewide loans.** To the extent there is sufficient eligible demand, loans shall be made so that an approximately equal dollar amount of loans are made to businesses in the metropolitan area as in the nonmetropolitan area. After ~~September 30~~ March 31 of each ~~calendar~~ fiscal year, the department may allow loans to be made anywhere in the state without regard to geographic area.

Sec. 14. Minnesota Statutes 2016, section 116M.18, subdivision 4, is amended to read:

Subd. 4. **Business loan criteria.** (a) The criteria in this subdivision apply to loans made by nonprofit corporations under the program.

(b) Loans must be made to businesses that are not likely to undertake a project for which loans are sought without assistance from the program.

(c) A loan must be used to support a business owned by a minority or a low-income person, woman, veteran, or a person with disabilities. Priority must be given for loans to the lowest income areas.

(d) The minimum state contribution to a loan is \$5,000 and the maximum is \$150,000.

(e) The state contribution must be matched by at least an equal amount of new private investment.

(f) A loan may not be used for a retail development project.

(g) The business must agree to work with job referral networks that focus on minority and low-income applicants.

(h) Up to ten percent of a loan's principal amount may be forgiven if the department approves and the borrower has met lender criteria including being current with all payments.

Sec. 15. Minnesota Statutes 2016, section 116M.18, subdivision 4a, is amended to read:

Subd. 4a. **Microenterprise loan.** (a) Program grants may be used to make microenterprise loans to small, beginning businesses, including a sole proprietorship. Microenterprise loans are subject to this section except that:

(1) they may also be made to qualified retail businesses;

(2) they may be made for a minimum of \$5,000 and a maximum of \$35,000;

(3) in a low-income area, they may be made for a minimum of \$5,000 and a maximum of \$50,000; and

(4) they do not require a match.

(b) Up to ten percent of a loan's principal amount may be forgiven if the department approves and the borrower has met lender criteria including being current with all payments.

Sec. 16. Minnesota Statutes 2016, section 116M.18, subdivision 8, is amended to read:

Subd. 8. **Reporting requirements.** A nonprofit corporation that receives a program grant shall:

(1) submit an annual report to the ~~board and~~ department by ~~March 30~~ February 15 of each year that includes a description of businesses supported by the grant program, an account of loans made during the calendar year, the program's impact on minority business enterprises and job creation for minority persons and low-income persons, the source and amount of money collected and distributed by the program, the program's assets and liabilities, and an explanation of administrative expenses; and

(2) provide for an independent annual audit to be performed in accordance with generally accepted accounting practices and auditing standards and submit a copy of each annual audit report to the department.

Sec. 17. Laws 2014, chapter 312, article 2, section 14, as amended by Laws 2016, chapter 189, article 7, section 8, is amended to read:

Sec. 14. **ASSIGNED RISK TRANSFER.**

(a) By June 30, 2015, if the commissioner of commerce determines on the basis of an audit that there is an excess surplus in the assigned risk plan created under Minnesota Statutes, section 79.252, the commissioner of management and budget shall transfer the amount of the excess surplus, not to exceed \$10,500,000, to the general fund. This transfer occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1). This is a onetime transfer.

(b) By June 30, 2015, and each year thereafter, if the commissioner of commerce determines on the basis of an audit that there is an excess surplus in the assigned risk plan created under Minnesota Statutes, section 79.252, the commissioner of management and budget shall transfer the amount of the excess surplus, not to exceed \$4,820,000 each year, to the Minnesota minerals 21st century fund under Minnesota Statutes, section 116J.423. This transfer occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1), but after the ~~transfer transfers~~ authorized in ~~paragraph paragraphs~~ (a) and (f). The total amount authorized for all transfers under this paragraph must not exceed \$24,100,000. This paragraph expires the day following the transfer in which the total amount transferred under this paragraph to the Minnesota minerals 21st century fund equals \$24,100,000.

(c) By June 30, 2015, if the commissioner of commerce determines on the basis of an audit that there is an excess surplus in the assigned risk plan created under Minnesota Statutes, section 79.252, the commissioner of management and budget shall transfer the amount of the excess surplus, not to exceed \$4,820,000, to the general fund. This transfer occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1), but after any transfers authorized in paragraphs (a) and (b). If a transfer occurs under this paragraph, the amount transferred is appropriated from the general fund in fiscal year 2015 to the commissioner of labor and industry for the purposes of section 15. Both the transfer and appropriation under this paragraph are onetime.

(d) By June 30, 2016, if the commissioner of commerce determines on the basis of an audit that there is an excess surplus in the assigned risk plan created under Minnesota Statutes, section 79.252, the commissioner of management and budget shall transfer the amount of the excess surplus, not to exceed \$4,820,000, to the general fund. This transfer occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1), but after the transfers authorized

in paragraphs (a) and (b). If a transfer occurs under this paragraph, the amount transferred is appropriated from the general fund in fiscal year 2016 to the commissioner of labor and industry for the purposes of section 15. Both the transfer and appropriation under this paragraph are onetime.

(e) Notwithstanding Minnesota Statutes, section 16A.28, the commissioner of management and budget shall transfer to the general fund, any unencumbered or unexpended balance of the appropriations under paragraphs (c) and (d) remaining on June 30, 2016, or the date the commissioner of commerce determines that an excess surplus in the assigned risk plan does not exist, whichever occurs earlier.

(f) By June 30, 2017, and each year thereafter, if the commissioner of commerce determines on the basis of an audit that there is an excess surplus in the assigned risk plan created under Minnesota Statutes, section 79.252, the commissioner of management and budget shall transfer the amount of the excess surplus, not to exceed \$2,000,000 each year, to the rural policy and development center fund under Minnesota Statutes, section 116J.4221. This transfer occurs prior to any transfer under paragraph (b) or under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1). The total amount authorized for all transfers under this paragraph must not exceed \$2,000,000. This paragraph expires the day following the transfer in which the total amount transferred under this paragraph to the rural policy and development center fund equals \$2,000,000.

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

Sec. 18. Laws 2015, First Special Session chapter 1, article 1, section 2, subdivision 6, is amended to read:

**Subd. 6. Vocational Rehabilitation**

Appropriations by Fund		
General	22,611,000	21,611,000
Workforce Development	7,830,000	7,830,000

(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~~ Assistive Technology of Minnesota must use the funds to provide low-interest loans to individuals of all ages and types of disabilities to purchase assistive technology and employment-related equipment. This is a onetime appropriation and is available until June 30, 2019.

(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.

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

Sec. 19. Laws 2016, chapter 189, article 7, section 46, subdivision 3, is amended to read:

Subd. 3. **Qualification requirements.** To qualify for assistance under this section, a business must:

(1) be located within one of the following municipalities surrounding Lake Mille Lacs:

(i) in Crow Wing County, the city of Garrison, township of Garrison, or township of Roosevelt;

(ii) in Aitkin County, the township of Hazelton, township of Wealthwood, township of Malmo, or township of Lakeside; or

(iii) in Mille Lacs County, the city of Isle, city of Wahkon, city of Onamia, township of East Side, township of Isle Harbor, township of South Harbor, or township of Kathio;

(2) document a reduction of at least ~~ten~~ five percent in gross receipts in any two-year period since 2010; and

(3) be a business in one of the following industries, as defined within the North American Industry Classification System: accommodation, restaurants, bars, amusement and recreation, food and beverages retail, sporting goods, miscellaneous retail, general retail, museums, historical sites, health and personal care, gas station, general merchandise, business and professional membership, movies, or nonstore retailer, as determined by Mille Lacs County in consultation with the commissioner of employment and economic development.

Sec. 20. Laws 2016, chapter 189, article 7, section 46, the effective date, is amended to read:

**EFFECTIVE DATE.** This section, except for subdivision 4, is effective July 1, 2016, and expires June 30, ~~2017~~ 2018. Subdivision 4 is effective July 1, 2016, and expires on the date the last loan is repaid or forgiven as provided under this section.

Sec. 21. **EMERGING ENTREPRENEUR PROGRAM APPROPRIATIONS CANCELLATIONS.**

All unspent funds, estimated to be \$376,000, appropriated in Laws 2016, chapter 189, article 7, section 2, subdivision 2, paragraph (h), clause (7), and Laws 2016, chapter 189, article 12, section 2, subdivision 2, paragraph (p), are canceled to the general fund.

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

Sec. 22. **GREATER MINNESOTA COMMUNITY DESIGN PILOT PROJECT.**

Subdivision 1. **Creation.** The Minnesota Design Center at the University of Minnesota shall partner with relevant organizations in selected communities within greater Minnesota to establish a pilot project for community design. The pilot project shall identify current and future opportunities for rural development, create designs, seek funding from existing sources, and assist with the implementation of economically, environmentally, and culturally sensitive projects that respond to current community conditions, needs, capabilities, and aspirations in support of the selected communities. For the purposes of this section, "greater Minnesota" is limited to the following counties: Blue Earth, Brown, Dodge, Faribault, Fillmore, Freeborn, Goodhue, Houston, Le Sueur, Martin, Mower, Olmsted, Rice, Sibley, Steele, Wabasha, Waseca, Watonwan, and Winona.

Subd. 2. **Community selection.** In order to be considered for inclusion in the pilot project, communities with fewer than 12,000 residents within the counties listed in subdivision 1 must submit a letter of interest to the Minnesota Design Center. The Minnesota Design Center may choose up to ten communities for participation in the pilot project.

Subd. 3. **Pilot project activities.** Among other activities, the Minnesota Design Center, in partnership with relevant organizations within the selected communities, shall:

- (1) assess community capacity to engage in design, development, and implementation;
- (2) create community and project designs that respond to a community's culture and needs, reinforce its identity as a special place, and support its future aspirations;
- (3) create an implementation strategy; and
- (4) build capacity to implement design work by identifying potential funding strategies and sources and assisting in grant writing to secure funding.

**Sec. 23. DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT; MANDATED REPORT HOLIDAY.**

(a) Notwithstanding any law to the contrary, any report required by state law from the Department of Employment and Economic Development that is due in fiscal year 2018 or 2019 is optional. The commissioner of employment and economic development may produce any reports at the commissioner's discretion or as may be required by federal law.

(b) This section does not apply to workforce programs outcomes reporting under Minnesota Statutes, section 116L.98, or the agency activity and expenditure report under article 12, section 3.

**Sec. 24. ONETIME EXCEPTION TO RESTRICTIONS ON USE OF MINNESOTA INVESTMENT FUND LOCAL GOVERNMENT LOAN REPAYMENT FUNDS.**

(a) Notwithstanding Minnesota Statutes, section 116J.8731, a home rule charter or statutory city, county, or town that has uncommitted money received from repayment of funds awarded under Minnesota Statutes, section 116J.8731, may choose to transfer 20 percent of the balance of that money to the state general fund before June 30, 2018. Any local entity that does so may then use the remaining 80 percent of the uncommitted money as a general purpose aid for any lawful expenditure.

(b) By February 15, 2019, a home rule charter or statutory city, county, or town that exercises the option under paragraph (a) shall submit to the chairs of the legislative committees with jurisdiction over economic development policy and finance an accounting and explanation of the use and distribution of the funds.

**Sec. 25. GETTING TO WORK GRANT PROGRAM.**

Subdivision 1. **Creation.** The commissioner of employment and economic development shall make grants to nonprofit organizations to establish and operate programs under this section that provide, repair, or maintain motor vehicles to assist eligible individuals to obtain or maintain employment.

Subd. 2. **Qualified grantee.** A grantee must:

- (1) qualify under section 501(c)(3) of the Internal Revenue Code; and
- (2) at the time of application offer, or have the demonstrated capacity to offer, a motor vehicle program that provides the services required under subdivision 3.

Subd. 3. **Program requirements.** (a) A program must offer one or more of the following services:

- (1) provision of new or used motor vehicles by gift, sale, or lease;
- (2) motor vehicle repair and maintenance services; or
- (3) motor vehicle loans.

(b) In addition to the requirements of paragraph (a), a program must offer one or more of the following services:

- (1) financial literacy education;
- (2) education on budgeting for vehicle ownership;
- (3) car maintenance and repair instruction;
- (4) credit counseling; or
- (5) job training related to motor vehicle maintenance and repair.

Subd. 4. **Application.** Applications for a grant must be on a form provided by the commissioner and on a schedule set by the commissioner. Applications must, in addition to any other information required by the commissioner, include the following:

- (1) a detailed description of all services to be offered;
- (2) the area to be served;
- (3) the estimated number of program participants to be served by the grant; and
- (4) a plan for leveraging resources from partners that may include, but are not limited to:
  - (i) automobile dealers;
  - (ii) automobile parts dealers;
  - (iii) independent local mechanics and automobile repair facilities;
  - (iv) banks and credit unions;
  - (v) employers;
  - (vi) employment and training agencies;
  - (vii) insurance companies and agents;
  - (viii) local workforce centers; and
  - (ix) educational institutions including vocational institutions and jobs or skills training programs.

Subd. 5. **Participant eligibility.** (a) To be eligible to receive program services, a person must:

- (1) have a household income at or below 200 percent of the federal poverty level;
- (2) be at least 22 years of age;
- (3) have a valid driver's license;
- (4) provide the grantee with proof of motor vehicle insurance; and



(5) demonstrate to the grantee that a motor vehicle is required by the person to obtain or maintain employment.

(b) This subdivision does not preclude a grantee from imposing additional requirements, not inconsistent with paragraph (a), for the receipt of program services.

Subd. 6. **Report to legislature.** By February 15, 2019, the commissioner shall submit a report to the chairs of the house of representatives and senate committees with jurisdiction over workforce and economic development on program outcomes. At a minimum, the report must include:

(1) the total number of program participants;

(2) the number of program participants who received each of the following:

(i) provision of a motor vehicle;

(ii) motor vehicle repair services; and

(iii) motor vehicle loans;

(3) the number of program participants who report that they or their children were able to increase their participation in community activities such as after school programs, other youth programs, church or civic groups, or library services as a result of participation in the program; and

(4) an analysis of the impact of the getting to work grant program on the employment rate and wages of program participants.

#### Sec. 26. **ECONOMIC IMPACT STUDY OF BIOMASS FACILITY CLOSURE.**

The commissioner of employment and economic development shall conduct a study to examine the economic impact of the closure of a biomass facility located in the city of Benson that uses poultry litter to generate electricity. In conducting the study, the commissioner must analyze the impact of the closure of the biomass facility on employment and income in the local economy, including impacts on ancillary providers of goods and services to the biomass facility. The commissioner must report study findings to the legislature by February 15, 2018.

#### Sec. 27. **USE OF UNALLOCATED FUNDS.**

(a) Notwithstanding Minnesota Statutes, sections 116L.05, subdivision 5, and 116L.20, subdivision 2, in fiscal years 2018 and 2019 only, the unallocated workforce development funds appropriated to the Job Skills Partnership Board under Minnesota Statutes, section 116L.20, subdivision 2, paragraph (b), may be used for other job creation and economic enhancement opportunities in Minnesota at the discretion of the commissioner.

(b) Notwithstanding Minnesota Statutes, section 116J.8731, in fiscal years 2018 and 2019 only, funds appropriated to the commissioner for the Minnesota investment fund may be used for other job creation and economic enhancement opportunities in Minnesota at the discretion of the commissioner. Grants under this paragraph are not subject to the grant amount limitation under Minnesota Statutes, section 116J.8731.

(c) Notwithstanding Minnesota Statutes, section 116J.748, in fiscal years 2018 and 2019 only, funds appropriated to the commissioner for the job creation fund may be used for other job creation and economic enhancement opportunities in Minnesota at the discretion of the commissioner.

Sec. 28. **REPEALER.**

Minnesota Statutes 2016, section 116J.549, and Minnesota Rules, parts 4355.0100; 4355.0200; 4355.0300; 4355.0400; and 4355.0500, are repealed.

**ARTICLE 7**

**IRON RANGE RESOURCES AND REHABILITATION POLICY**

Section 1. Minnesota Statutes 2016, section 3.732, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** As used in this section and section 3.736 the terms defined in this section have the meanings given them.

(1) "State" includes each of the departments, boards, agencies, commissions, courts, and officers in the executive, legislative, and judicial branches of the state of Minnesota and includes but is not limited to the Housing Finance Agency, the Minnesota Office of Higher Education, the Higher Education Facilities Authority, the Health Technology Advisory Committee, the Armory Building Commission, the Zoological Board, the Department of Iron Range Resources and Rehabilitation Board, the Minnesota Historical Society, the State Agricultural Society, the University of Minnesota, the Minnesota State Colleges and Universities, state hospitals, and state penal institutions. It does not include a city, town, county, school district, or other local governmental body corporate and politic.

(2) "Employee of the state" means all present or former officers, members, directors, or employees of the state, members of the Minnesota National Guard, members of a bomb disposal unit approved by the commissioner of public safety and employed by a municipality defined in section 466.01 when engaged in the disposal or neutralization of bombs or other similar hazardous explosives, as defined in section 299C.063, outside the jurisdiction of the municipality but within the state, or persons acting on behalf of the state in an official capacity, temporarily or permanently, with or without compensation. It does not include either an independent contractor except, for purposes of this section and section 3.736 only, a guardian ad litem acting under court appointment, or members of the Minnesota National Guard while engaged in training or duty under United States Code, title 10, or title 32, section 316, 502, 503, 504, or 505, as amended through December 31, 1983. Notwithstanding sections 43A.02 and 611.263, for purposes of this section and section 3.736 only, "employee of the state" includes a district public defender or assistant district public defender in the Second or Fourth Judicial District, a member of the Health Technology Advisory Committee, and any officer, agent, or employee of the state of Wisconsin performing work for the state of Minnesota pursuant to a joint state initiative.

(3) "Scope of office or employment" means that the employee was acting on behalf of the state in the performance of duties or tasks lawfully assigned by competent authority.

(4) "Judicial branch" has the meaning given in section 43A.02, subdivision 25.

Sec. 2. Minnesota Statutes 2016, section 3.736, subdivision 3, is amended to read:

Subd. 3. **Exclusions.** Without intent to preclude the courts from finding additional cases where the state and its employees should not, in equity and good conscience, pay compensation for personal injuries or property losses, the legislature declares that the state and its employees are not liable for the following losses:

(a) a loss caused by an act or omission of a state employee exercising due care in the execution of a valid or invalid statute or rule;

(b) a loss caused by the performance or failure to perform a discretionary duty, whether or not the discretion is abused;

(c) a loss in connection with the assessment and collection of taxes;

(d) a loss caused by snow or ice conditions on a highway or public sidewalk that does not abut a publicly owned building or a publicly owned parking lot, except when the condition is affirmatively caused by the negligent acts of a state employee;

(e) a loss caused by wild animals in their natural state, except as provided in section 3.7371;

(f) a loss other than injury to or loss of property or personal injury or death;

(g) a loss caused by the condition of unimproved real property owned by the state, which means land that the state has not improved, state land that contains idled or abandoned mine pits or shafts, and appurtenances, fixtures, and attachments to land that the state has neither affixed nor improved;

(h) a loss involving or arising out of the use or operation of a recreational motor vehicle, as defined in section 84.90, subdivision 1, within the right-of-way of a trunk highway, as defined in section 160.02, except that the state is liable for conduct that would entitle a trespasser to damages against a private person;

(i) a loss incurred by a user arising from the construction, operation, or maintenance of the outdoor recreation system, as defined in section 86A.04, or for a loss arising from the construction, operation, maintenance, or administration of grants-in-aid trails as defined in section 85.018, or for a loss arising from the construction, operation, or maintenance of a water access site created by the Department of Iron Range Resources and Rehabilitation Board, except that the state is liable for conduct that would entitle a trespasser to damages against a private person. For the purposes of this clause, a water access site, as defined in section 86A.04 or created by the commissioner of Iron Range resources and rehabilitation Board, that provides access to an idled, water filled mine pit, also includes the entire water filled area of the pit and, further, includes losses caused by the caving or slumping of the mine pit walls;

(j) a loss of benefits or compensation due under a program of public assistance or public welfare, except if state compensation for loss is expressly required by federal law in order for the state to receive federal grants-in-aid;

(k) a loss based on the failure of a person to meet the standards needed for a license, permit, or other authorization issued by the state or its agents;

(l) a loss based on the usual care and treatment, or lack of care and treatment, of a person at a state hospital or state corrections facility where reasonable use of available appropriations has been made to provide care;

(m) loss, damage, or destruction of property of a patient or inmate of a state institution except as provided under section 3.7381;

(n) a loss for which recovery is prohibited by section 169A.48, subdivision 2;

(o) a loss caused by an aeration, bubbler, water circulation, or similar system used to increase dissolved oxygen or maintain open water on the ice of public waters, that is operated under a permit issued by the commissioner of natural resources;

(p) a loss incurred by a visitor to the Minnesota Zoological Garden, except that the state is liable for conduct that would entitle a trespasser to damages against a private person;

(q) a loss arising out of a person's use of a logging road on public land that is maintained exclusively to provide access to timber on that land by harvesters of the timber, and is not signed or otherwise held out to the public as a public highway; and

(r) a loss incurred by a user of property owned, leased, or otherwise controlled by the Minnesota National Guard or the Department of Military Affairs, except that the state is liable for conduct that would entitle a trespasser to damages against a private person.

The state will not pay punitive damages.

Sec. 3. Minnesota Statutes 2016, section 15.01, is amended to read:

#### **15.01 DEPARTMENTS OF THE STATE.**

The following agencies are designated as the departments of the state government: the Department of Administration; the Department of Agriculture; the Department of Commerce; the Department of Corrections; the Department of Education; the Department of Employment and Economic Development; the Department of Health; the Department of Human Rights; the Department of Iron Range Resources and Rehabilitation; the Department of Labor and Industry; the Department of Management and Budget; the Department of Military Affairs; the Department of Natural Resources; the Department of Public Safety; the Department of Human Services; the Department of Revenue; the Department of Transportation; the Department of Veterans Affairs; and their successor departments.

Sec. 4. Minnesota Statutes 2016, section 15.38, subdivision 7, is amended to read:

Subd. 7. **Department of Iron Range Resources and Rehabilitation Board.** After seeking a recommendation from the Iron Range Resources and Rehabilitation Board, the commissioner of Iron Range resources and rehabilitation Board may purchase insurance it considers the commissioner deems necessary and appropriate to insure facilities operated by the board commissioner.

Sec. 5. Minnesota Statutes 2016, section 15A.0815, subdivision 3, is amended to read:

Subd. 3. **Group II salary limits.** The salary for a position listed in this subdivision shall not exceed 120 percent of the salary of the governor. This limit must be adjusted annually on January 1. The new limit must equal the limit for the prior year increased by the percentage increase, if any, in the Consumer Price Index for all urban consumers from October of the second prior year to October of the immediately prior year. The commissioner of management and budget must publish the limit on the department's Web site. This subdivision applies to the following positions:

Executive director of Gambling Control Board;

Commissioner; of Iron Range resources and rehabilitation Board;

Commissioner, Bureau of Mediation Services;  
Ombudsman for Mental Health and Developmental Disabilities;  
Chair, Metropolitan Council;  
School trust lands director;  
Executive director of pari-mutuel racing; and  
Commissioner, Public Utilities Commission.

Sec. 6. Minnesota Statutes 2016, section 43A.02, subdivision 22, is amended to read:

Subd. 22. **Executive branch.** "Executive branch" means heads of all agencies of state government, elective or appointive, established by statute or Constitution and all employees of those agency heads who have within their particular field of responsibility statewide jurisdiction and who are not within the legislative or judicial branches of government. The executive branch also includes employees of the Department of Iron Range Resources and Rehabilitation Board. The executive branch does not include agencies with jurisdiction in specifically defined geographical areas, such as regions, counties, cities, towns, municipalities, or school districts, the University of Minnesota, the Public Employees Retirement Association, the Minnesota State Retirement System, the Teachers Retirement Association, the Minnesota Historical Society, and all of their employees, and any other entity which is incorporated, even though it receives state funds.

Sec. 7. Minnesota Statutes 2016, section 85.0146, subdivision 1, is amended to read:

Subdivision 1. **Advisory council created.** The Cuyuna Country State Recreation Area Citizens Advisory Council is established. Membership on the advisory council shall include:

- (1) a representative of the Cuyuna Range Mineland Recreation Area Joint Powers Board;
- (2) a representative of the Croft Mine Historical Park Joint Powers Board;
- (3) a designee of the Cuyuna Range Mineland Reclamation Committee who has worked as a miner in the local area;
- (4) a representative of the Crow Wing County Board;
- (5) an elected state official;
- (6) a representative of the Grand Rapids regional office of the Department of Natural Resources;
- (7) a designee of the commissioner of Iron Range resources and rehabilitation Board;
- (8) a designee of the local business community selected by the area chambers of commerce;
- (9) a designee of the local environmental community selected by the Crow Wing County District 5 commissioner;
- (10) a designee of a local education organization selected by the Crosby-Ironton School Board;
- (11) a designee of one of the recreation area user groups selected by the Cuyuna Range Chamber of Commerce; and

(12) a member of the Cuyuna Country Heritage Preservation Society.

Sec. 8. Minnesota Statutes 2016, section 116D.04, subdivision 1a, is amended to read:

Subd. 1a. **Definitions.** For the purposes of this chapter, the following terms have the meanings given to them in this subdivision.

(a) "Natural resources" has the meaning given it in section 116B.02, subdivision 4.

(b) "Pollution, impairment or destruction" has the meaning given it in section 116B.02, subdivision 5.

(c) "Environmental assessment worksheet" means a brief document which is designed to set out the basic facts necessary to determine whether an environmental impact statement is required for a proposed action.

(d) "Governmental action" means activities, including projects wholly or partially conducted, permitted, assisted, financed, regulated, or approved by units of government including the federal government.

(e) "Governmental unit" means any state agency and any general or special purpose unit of government in the state including, but not limited to, watershed districts organized under chapter 103D, counties, towns, cities, port authorities, housing authorities, and economic development authorities established under sections 469.090 to 469.108, but not including courts, school districts, the Department of Iron Range Resources and Rehabilitation, and regional development commissions other than the Metropolitan Council.

Sec. 9. Minnesota Statutes 2016, section 116J.423, subdivision 2, is amended to read:

Subd. 2. **Use of fund.** The commissioner shall use money in the fund to make loans ~~or, including~~ forforgivable loans, equity investments, or grants for infrastructure in mineral, steel, or any other industry processing, production, manufacturing, or technology project that would enhance the economic diversification and that is located within the taconite ~~relief tax~~ assistance area as defined under section ~~273.134~~ 273.1341. The commissioner must, prior to making any loans or equity investments and after consultation with industry and public officials, develop a strategy for making loans ~~and, equity investments, or grants for infrastructure~~ that assists the taconite relief assistance area in retaining and enhancing its economic competitiveness. Money in the fund may also be used to pay for the costs of carrying out the commissioner's due diligence duties under this section.

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

Sec. 10. Minnesota Statutes 2016, section 116J.424, is amended to read:

**116J.424 IRON RANGE RESOURCES AND REHABILITATION BOARD CONTRIBUTION.**

The commissioner of the Iron Range resources and rehabilitation ~~Board with approval by the board,~~ after consultation with the Iron Range Resources and Rehabilitation Board, may provide an equal match for any loan or equity investment made for a project located in the ~~tax relief taconite assistance~~ area defined in section ~~273.134, paragraph (b)~~ 273.1341, by the Minnesota 21st century fund created by section 116J.423. The match may be in the form of a loan or equity investment,

notwithstanding whether the fund makes a loan or equity investment. The state shall not acquire an equity interest because of an equity investment or loan by the ~~board and the board at its sole discretion shall~~ commissioner of Iron Range resources and rehabilitation and the commissioner of Iron Range resources and rehabilitation, after consultation with the advisory board, shall have sole discretion to decide what interest ~~the fund~~ acquires in a project. The commissioner of employment and economic development may require a commitment from the ~~board~~ commissioner of Iron Range resources and rehabilitation to make the match prior to disbursing money from the fund.

Sec. 11. Minnesota Statutes 2016, section 116J.994, subdivision 3, is amended to read:

Subd. 3. **Subsidy agreement.** (a) A recipient must enter into a subsidy agreement with the grantor of the subsidy that includes:

(1) a description of the subsidy, including the amount and type of subsidy, and type of district if the subsidy is tax increment financing;

(2) a statement of the public purposes for the subsidy;

(3) measurable, specific, and tangible goals for the subsidy;

(4) a description of the financial obligation of the recipient if the goals are not met;

(5) a statement of why the subsidy is needed;

(6) a commitment to continue operations in the jurisdiction where the subsidy is used for at least five years after the benefit date;

(7) the name and address of the parent corporation of the recipient, if any; and

(8) a list of all financial assistance by all grantors for the project.

(b) Business subsidies in the form of grants must be structured as forgivable loans. For other types of business subsidies, the agreement must state the fair market value of the subsidy to the recipient, including the value of conveying property at less than a fair market price, or other in-kind benefits to the recipient.

(c) If a business subsidy benefits more than one recipient, the grantor must assign a proportion of the business subsidy to each recipient that signs a subsidy agreement. The proportion assessed to each recipient must reflect a reasonable estimate of the recipient's share of the total benefits of the project.

(d) The state or local government agency and the recipient must both sign the subsidy agreement and, if the grantor is a local government agency, the agreement must be approved by the local elected governing body, except for the St. Paul Port Authority and a seaway port authority.

(e) Notwithstanding the provision in paragraph (a), clause (6), a recipient may be authorized to move from the jurisdiction where the subsidy is used within the five-year period after the benefit date if, after a public hearing, the grantor approves the recipient's request to move. For the purpose of this paragraph, if the grantor is a state government agency other than the Department of Iron Range Resources and Rehabilitation Board, "jurisdiction" means a city or township.

Sec. 12. Minnesota Statutes 2016, section 116J.994, subdivision 5, is amended to read:

Subd. 5. **Public notice and hearing.** (a) Before granting a business subsidy that exceeds \$500,000 for a state government grantor and \$150,000 for a local government grantor, the grantor must provide public notice and a hearing on the subsidy. A public hearing and notice under this subdivision is not required if a hearing and notice on the subsidy is otherwise required by law.

(b) Public notice of a proposed business subsidy under this subdivision by a state government grantor, other than the commissioner of Iron Range resources and rehabilitation Board, must be published in the State Register. Public notice of a proposed business subsidy under this subdivision by a local government grantor or the commissioner of Iron Range resources and rehabilitation Board must be published in a local newspaper of general circulation. The public notice must identify the location at which information about the business subsidy, including a summary of the terms of the subsidy, is available. Published notice should be sufficiently conspicuous in size and placement to distinguish the notice from the surrounding text. The grantor must make the information available in printed paper copies and, if possible, on the Internet. The government agency must provide at least a ten-day notice for the public hearing.

(c) The public notice must include the date, time, and place of the hearing.

(d) The public hearing by a state government grantor other than the commissioner of Iron Range resources and rehabilitation Board must be held in St. Paul.

(e) If more than one nonstate grantor provides a business subsidy to the same recipient, the nonstate grantors may designate one nonstate grantor to hold a single public hearing regarding the business subsidies provided by all nonstate grantors. For the purposes of this paragraph, "nonstate grantor" includes the commissioner of Iron Range resources and rehabilitation Board.

(f) The public notice of any public meeting about a business subsidy agreement, including those required by this subdivision and by subdivision 4, must include notice that a person with residence in or the owner of taxable property in the granting jurisdiction may file a written complaint with the grantor if the grantor fails to comply with sections 116J.993 to 116J.995, and that no action may be filed against the grantor for the failure to comply unless a written complaint is filed.

Sec. 13. Minnesota Statutes 2016, section 116J.994, subdivision 7, is amended to read:

Subd. 7. **Reports by recipients to grantors.** (a) A business subsidy grantor must monitor the progress by the recipient in achieving agreement goals.

(b) A recipient must provide information regarding goals and results for two years after the benefit date or until the goals are met, whichever is later. If the goals are not met, the recipient must continue to provide information on the subsidy until the subsidy is repaid. The information must be filed on forms developed by the commissioner in cooperation with representatives of local government. Copies of the completed forms must be sent to the local government agency that provided the subsidy or to the commissioner if the grantor is a state agency. If the commissioner of Iron Range resources and rehabilitation Board is the grantor, the copies must be sent to the board commissioner of Iron Range resources and rehabilitation. The report must include:

(1) the type, public purpose, and amount of subsidies and type of district, if the subsidy is tax increment financing;

(2) the hourly wage of each job created with separate bands of wages;



(3) the sum of the hourly wages and cost of health insurance provided by the employer with separate bands of wages;

(4) the date the job and wage goals will be reached;

(5) a statement of goals identified in the subsidy agreement and an update on achievement of those goals;

(6) the location of the recipient prior to receiving the business subsidy;

(7) the number of employees who ceased to be employed by the recipient when the recipient relocated to become eligible for the business subsidy;

(8) why the recipient did not complete the project outlined in the subsidy agreement at their previous location, if the recipient was previously located at another site in Minnesota;

(9) the name and address of the parent corporation of the recipient, if any;

(10) a list of all financial assistance by all grantors for the project; and

(11) other information the commissioner may request.

A report must be filed no later than March 1 of each year for the previous year. The local agency and the commissioner of Iron Range resources and rehabilitation ~~Board~~ must forward copies of the reports received by recipients to the commissioner by April 1.

(c) Financial assistance that is excluded from the definition of "business subsidy" by section 116J.993, subdivision 3, clauses (4), (5), (8), and (16), is subject to the reporting requirements of this subdivision, except that the report of the recipient must include instead:

(1) the type, public purpose, and amount of the financial assistance, and type of district if the assistance is tax increment financing;

(2) progress towards meeting goals stated in the assistance agreement and the public purpose of the assistance;

(3) if the agreement includes job creation, the hourly wage of each job created with separate bands of wages;

(4) if the agreement includes job creation, the sum of the hourly wages and cost of health insurance provided by the employer with separate bands of wages;

(5) the location of the recipient prior to receiving the assistance; and

(6) other information the grantor requests.

(d) If the recipient does not submit its report, the local government agency must mail the recipient a warning within one week of the required filing date. If, after 14 days of the postmarked date of the warning, the recipient fails to provide a report, the recipient must pay to the grantor a penalty of \$100 for each subsequent day until the report is filed. The maximum penalty shall not exceed \$1,000.

Sec. 14. Minnesota Statutes 2016, section 216B.161, subdivision 1, is amended to read:

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

(b) "Area development rate" means a rate schedule established by a utility that provides customers within an area development zone service under a base utility rate schedule, except that charges may be reduced from the base rate as agreed upon by the utility and the customer consistent with this section.

(c) "Area development zone" means a contiguous or noncontiguous area designated by an authority or municipality for development or redevelopment and within which one of the following conditions exists:

(1) obsolete buildings not suitable for improvement or conversion or other identified hazards to the health, safety, and general well-being of the community;

(2) buildings in need of substantial rehabilitation or in substandard condition; or

(3) low values and damaged investments.

(d) "Authority" means a rural development financing authority established under sections 469.142 to 469.151; a housing and redevelopment authority established under sections 469.001 to 469.047; a port authority established under sections 469.048 to 469.068; an economic development authority established under sections 469.090 to 469.108; a redevelopment agency as defined in sections 469.152 to 469.165; the commissioner of Iron Range resources and rehabilitation Board established under section 298.22; a municipality that is administering a development district created under sections 469.124 to 469.133 or any special law; a municipality that undertakes a project under sections 469.152 to 469.165, except a town located outside the metropolitan area as defined in section 473.121, subdivision 2, or with a population of 5,000 persons or less; or a municipality that exercises the powers of a port authority under any general or special law.

(e) "Municipality" means a city, however organized, and, with respect to a project undertaken under sections 469.152 to 469.165, "municipality" has the meaning given in sections 469.152 to 469.165, and, with respect to a project undertaken under sections 469.142 to 469.151 or a county or multicounty project undertaken under sections 469.004 to 469.008, also includes any county.

Sec. 15. Minnesota Statutes 2016, section 216B.1694, subdivision 1, is amended to read:

Subdivision 1. **Definition.** For the purposes of this section, the term "innovative energy project" means a proposed energy-generation facility or group of facilities which may be located on up to three sites:

(1) that makes use of an innovative generation technology utilizing coal as a primary fuel in a highly efficient combined-cycle configuration with significantly reduced sulfur dioxide, nitrogen oxide, particulate, and mercury emissions from those of traditional technologies;

(2) that the project developer or owner certifies is a project capable of offering a long-term supply contract at a hedged, predictable cost; and

(3) that is designated by the commissioner of ~~the~~ Iron Range resources and rehabilitation Board as a project that is located in the taconite tax relief area on a site that has substantial real property

with adequate infrastructure to support new or expanded development and that has received prior financial and other support from the board.

Sec. 16. Minnesota Statutes 2016, section 276A.01, subdivision 8, is amended to read:

Subd. 8. **Municipality.** "Municipality" means a city, town, or township located in whole or part within the area. If a municipality is located partly within and partly without the area, the references in sections 276A.01 to 276A.09 to property or any portion thereof subject to taxation or taxing jurisdiction within the municipality are to the property or portion thereof that is located in that portion of the municipality within the area, except that the fiscal capacity of the municipality must be computed upon the basis of the valuation and population of the entire municipality. A municipality shall be excluded from the area if its municipal comprehensive zoning and planning policies conscientiously exclude most commercial-industrial development, for reasons other than preserving an agricultural use. The commissioner of Iron Range resources and rehabilitation Board and the commissioner of revenue shall jointly make this determination annually and shall notify those municipalities that are ineligible to participate in the tax base sharing program provided in this chapter for the following year. Before making the determination, the commissioner of Iron Range resources and rehabilitation must consult the Iron Range Resources and Rehabilitation Board.

Sec. 17. Minnesota Statutes 2016, section 276A.01, subdivision 17, is amended to read:

Subd. 17. **School fund allocation.** (a) "School fund allocation" means an amount up to 25 percent of the areawide levy certified by the commissioner of Iron Range resources and rehabilitation Board, after consultation with the Iron Range Resources and Rehabilitation Board, to be used for the purposes of the Iron Range school consolidation and cooperatively operated school account under section 298.28, subdivision 7a.

(b) The allocation under paragraph (a) shall only be made after the commissioner of Iron Range resources and rehabilitation Board, after consultation with the Iron Range Resources and Rehabilitation Board, has certified by June 30 that the Iron Range school consolidation and cooperatively operated account has insufficient funds to make payments as authorized under section 298.28, subdivision 7a.

Sec. 18. Minnesota Statutes 2016, section 276A.06, subdivision 8, is amended to read:

Subd. 8. **Certification of values; payment.** The administrative auditor shall determine for each county the difference between the total levy on distribution value pursuant to subdivision 3, clause (1), including the school fund allocation within the county and the total tax on contribution value pursuant to subdivision 7, within the county. On or before May 16 of each year, the administrative auditor shall certify the differences so determined and the county's portion of the school fund allocation to each county auditor. In addition, the administrative auditor shall certify to those county auditors for whose county the total tax on contribution value exceeds the total levy on distribution value the settlement the county is to make to the other counties of the excess of the total tax on contribution value over the total levy on distribution value in the county. On or before June 15 and November 15 of each year, each county treasurer in a county having a total tax on contribution value in excess of the total levy on distribution value shall pay one-half of the excess to the other counties in accordance with the administrative auditor's certification. On or before June 15 and November 15 of each year, each county treasurer shall pay to the administrative auditor that county's

share of the school fund allocation. On or before December 1 of each year, the administrative auditor shall pay the school fund allocation to the commissioner of Iron Range resources and rehabilitation Board for deposit in the Iron Range school consolidation and cooperatively operated account.

Sec. 19. Minnesota Statutes 2016, section 282.38, subdivision 1, is amended to read:

Subdivision 1. **Development.** In any county where the county board by proper resolution sets aside funds for forest development pursuant to section 282.08, clause (5), item (i), or section 459.06, subdivision 2, the commissioner of Iron Range resources and rehabilitation ~~with the approval of the board~~, after consultation with the Iron Range Resources and Rehabilitation Board, may upon request of the county board assist said county in carrying out any project for the long range development of its forest resources through matching of funds or otherwise.

Sec. 20. Minnesota Statutes 2016, section 282.38, subdivision 3, is amended to read:

Subd. 3. **Not to affect commissioner of Iron Range resources and rehabilitation.** Nothing herein shall be construed to limit or abrogate the authority of the commissioner of Iron Range resources and rehabilitation to give temporary assistance to any county in the development of its land use program.

Sec. 21. Minnesota Statutes 2016, section 298.001, subdivision 8, is amended to read:

Subd. 8. **Commissioner.** "Commissioner" means the commissioner of revenue of the state of Minnesota, except that when used in sections 298.22 to 298.227 and 298.291 to 298.297, "commissioner" means the commissioner of Iron Range resources and rehabilitation.

Sec. 22. Minnesota Statutes 2016, section 298.001, is amended by adding a subdivision to read:

Subd. 12. **Advisory board.** "Advisory board" means the Iron Range Resources and Rehabilitation Board, as established under section 298.22. The acronym "IRRRB" means the advisory board.

Sec. 23. Minnesota Statutes 2016, section 298.018, subdivision 1, is amended to read:

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

(1) five percent to the city or town within which the minerals or energy resources are mined or extracted, or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds among the cities and towns by attributing 50 percent of the proceeds of the tax to the operation of mining or extraction, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of the respective operations performed in each taxing district;

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

(3) ten percent to the school district within which the minerals or energy resources are mined or extracted, or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one school district, distribution among the school districts must be based on the apportionment formula prescribed in clause (1);

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

(5) 20 percent to the county within which the minerals or energy resources are mined or extracted, or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one county, distribution among the counties must be based on the apportionment formula prescribed in clause (1), provided that any county receiving distributions under this clause shall pay one percent of its proceeds to the Range Association of Municipalities and Schools;

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

(7) five percent to the commissioner of Iron Range resources and rehabilitation Board for the purposes of section 298.22;

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

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

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

Sec. 24. Minnesota Statutes 2016, section 298.17, is amended to read:

**298.17 OCCUPATION TAXES TO BE APPORTIONED.**

(a) All occupation taxes paid by persons, copartnerships, companies, joint stock companies, corporations, and associations, however or for whatever purpose organized, engaged in the business of mining or producing iron ore or other ores, when collected shall be apportioned and distributed in accordance with the Constitution of the state of Minnesota, article X, section 3, in the manner following: 90 percent shall be deposited in the state treasury and credited to the general fund of which four-ninths shall be used for the support of elementary and secondary schools; and ten percent of the proceeds of the tax imposed by this section shall be deposited in the state treasury and credited to the general fund for the general support of the university.

(b) Of the money apportioned to the general fund by this section: (1) there is annually appropriated and credited to the mining environmental and regulatory account in the special revenue fund an amount equal to that which would have been generated by a 2-1/2 cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year. Money in the mining environmental and regulatory account is appropriated annually to the commissioner of natural

resources to fund agency staff to work on environmental issues and provide regulatory services for ferrous and nonferrous mining operations in this state. Payment to the mining environmental and regulatory account shall be made by July 1 annually. The commissioner of natural resources shall execute an interagency agreement with the Pollution Control Agency to assist with the provision of environmental regulatory services such as monitoring and permitting required for ferrous and nonferrous mining operations; (2) there is annually appropriated and credited to the Iron Range resources and rehabilitation ~~Board~~ account in the special revenue fund an amount equal to that which would have been generated by a 1.5 cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year, to be expended for the purposes of section 298.22; and (3) there is annually appropriated and credited to the Iron Range resources and rehabilitation ~~Board~~ account in the special revenue fund for transfer to the Iron Range school consolidation and cooperatively operated school account under section 298.28, subdivision 7a, an amount equal to that which would have been generated by a six cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year. Payment to the Iron Range resources and rehabilitation ~~Board~~ account shall be made by May 15 annually.

(c) The money appropriated pursuant to paragraph (b), clause (2), shall be used (i) to provide environmental development grants to local governments located within any county in region 3 as defined in governor's executive order number 60, issued on June 12, 1970, which does not contain a municipality qualifying pursuant to section 273.134, paragraph (b), or (ii) to provide economic development loans or grants to businesses located within any such county, provided that the county board or an advisory group appointed by the county board to provide recommendations on economic development shall make recommendations to the commissioner of Iron Range resources and rehabilitation ~~Board~~ regarding the loans. Payment to the Iron Range resources and rehabilitation ~~Board~~ account shall be made by May 15 annually.

(d) Of the money allocated to Koochiching County, one-third must be paid to the Koochiching County Economic Development Commission.

Sec. 25. Minnesota Statutes 2016, section 298.22, subdivision 1, is amended to read:

Subdivision 1. ~~The Office of Commissioner~~ **Department of Iron Range Resources and Rehabilitation.** (a) ~~The Office of the Commissioner~~ Department of Iron Range Resources and Rehabilitation is created as an agency in the executive branch of state government. The governor shall appoint the commissioner of Iron Range resources and rehabilitation under section 15.06. The commissioner may expend amounts appropriated to the commissioner for projects after consultation with the advisory board created under subdivision 1a.

(b) The commissioner may hold other positions or appointments that are not incompatible with duties as commissioner of Iron Range resources and rehabilitation. The commissioner may appoint a deputy commissioner. All expenses of the commissioner, including the payment of staff and other assistance as may be necessary, must be paid out of the amounts appropriated by section 298.28 or otherwise made available by law to the commissioner. Notwithstanding chapters 16A, 16B, and 16C, the commissioner may utilize contracting options available under section 471.345 when the commissioner determines it is in the best interest of the agency. The agency is not subject to sections 16E.016 and 16C.05. The commissioner has the authority to reimburse any nongovernmental manager operating state-owned facilities within the Giants Ridge Recreation Area for purchasing materials, supplies, equipment, or other items used in the operations at such facilities.

(c) When the commissioner determines that distress and unemployment exists or may exist in the future in any county by reason of the removal of natural resources or a possibly limited use of natural resources in the future and any resulting decrease in employment, the commissioner may use whatever amounts of the appropriation made to the commissioner of revenue in section 298.28 that are determined to be necessary and proper in the development of the remaining resources of the county and in the vocational training and rehabilitation of its residents, ~~except that the amount needed to cover cost overruns awarded to a contractor by an arbitrator in relation to a contract awarded by the commissioner or in effect after July 1, 1985, is appropriated from the general fund.~~ For the purposes of this section, "development of remaining resources" includes, but is not limited to, the promotion of tourism.

Sec. 26. Minnesota Statutes 2016, section 298.22, subdivision 1a, is amended to read:

Subd. 1a. **Iron Range Resources and Rehabilitation Board.** (a) The Iron Range Resources and Rehabilitation Board consists of the state senators and representatives elected from state senatorial or legislative districts in which one-third or more of the residents reside in a taconite assistance area as defined in section 273.1341. One additional state senator shall also be appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration. All expenditures and projects made by the commissioner shall first be submitted to the advisory board for approval. The advisory board shall recommend approval or disapproval or modification of the expenditures and projects. The expenses of the advisory board shall be paid by the state from the funds raised pursuant to this section. Members of the advisory board may be reimbursed for expenses in the manner provided in sections 3.099, subdivision 1, and 3.101, and may receive per diem payments during the interims between legislative sessions in the manner provided in section 3.099, subdivision 1.

The members shall be appointed in January of every odd-numbered year, and shall serve until January of the next odd-numbered year. Vacancies on the board shall be filled in the same manner as original members were chosen.

(b) The advisory board must develop procedures to elect a chair who shall preside over and convene meetings as often as necessary to conduct duties prescribed by this chapter. The advisory board must meet at least two times per year to review the actions of the commissioner.

Sec. 27. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to read:

Subd. 1b. **Evaluation of programs.** (a) In evaluating programs proposed by the commissioner, the advisory board must consider factors, including but not limited to the extent to which the program:

(1) contributes to increasing the effectiveness of promoting or managing Iron Range economic and workforce development, community development, minerals and natural resources development, and any other issue as determined by the advisory board; and

(2) advances the strategic plan adopted under subdivision 1c.

(b) In evaluating programs proposed by the commissioner, the advisory board must consider factors, including but not limited to:

(1) job creation or retention goals for the program, including but not limited to wages and benefits; whether the jobs created are full time, part time, temporary, or permanent; and whether the stated job creation or retention goals in the program proposal can be adequately measured using methods established by the commissioner;

(2) how and to what extent the program is expected to impact the economic climate of the Iron Range resources and rehabilitation services area;

(3) how the program would meet match requirements, if any; and

(4) whether the program meets the written objectives, priorities, and policies established by the commissioner.

Sec. 28. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to read:

Subd. 1c. **Strategic plan required.** The commissioner, in consultation with the advisory board, shall adopt a four-year strategic plan for making expenditures, including identifying the priority areas for funding for the term of the commissioner's appointment. The strategic plan must be reviewed annually. The strategic plan must have clearly stated short- and long-term goals and strategies for expenditures, provide measurable outcomes for expenditures, and determine areas of emphasis for funding.

Sec. 29. Minnesota Statutes 2016, section 298.22, subdivision 5a, is amended to read:

Subd. 5a. **Forest trust.** The commissioner, ~~upon approval by the board~~ after consultation with the advisory board, may purchase forest lands in the taconite assistance area defined in under section 273.1341 with funds specifically authorized for the purchase. The acquired forest lands must be held in trust for the benefit of the citizens of the taconite assistance area as the Iron Range Miners' Memorial Forest. The forest trust lands shall be managed and developed for recreation and economic development purposes. The commissioner, ~~upon approval by the board~~ after consultation with the advisory board, may sell forest lands purchased under this subdivision if the ~~board finds~~ commissioner determines that the sale advances the purposes of the trust. Proceeds derived from the management or sale of the lands and from the sale of timber or removal of gravel or other minerals from these forest lands shall be deposited into an Iron Range Miners' Memorial Forest account that is established within the state financial accounts. Funds may be expended from the account ~~upon approval~~ by the commissioner, after consultation with the advisory board, to purchase, manage, administer, convey interests in, and improve the forest lands. ~~With approval by the board,~~ After consultation with the advisory board, the commissioner may transfer money in the Iron Range Miners' Memorial Forest account ~~may be transferred~~ into the corpus of the Douglas J. Johnson economic protection trust fund established under sections 298.291 to 298.294. The property acquired under the authority granted by this subdivision and income derived from the property or the operation or management of the property are exempt from taxation by the state or its political subdivisions while held by the forest trust.

Sec. 30. Minnesota Statutes 2016, section 298.22, subdivision 6, is amended to read:

Subd. 6. **Private entity participation.** The commissioner, after consultation with the advisory board, may acquire an equity interest in any project for which ~~the commissioner~~ provides funding. The commissioner may, after consultation with the advisory board, establish, participate in the



management of, and dispose of the assets of charitable foundations, nonprofit limited liability companies, and nonprofit corporations associated with any project for which ~~the commissioner~~ provides funding, including specifically, but without limitation, a corporation within the meaning of section 317A.011, subdivision 6.

Sec. 31. Minnesota Statutes 2016, section 298.22, subdivision 10, is amended to read:

Subd. 10. **Sale or privatization of functions.** The commissioner of Iron Range resources and rehabilitation may not sell or privatize the ~~Ironworld~~ Minnesota Discovery Center or Giants Ridge Golf and Ski Resort without prior approval by the advisory board.

Sec. 32. Minnesota Statutes 2016, section 298.22, subdivision 11, is amended to read:

Subd. 11. **Budgeting.** The commissioner of Iron Range resources and rehabilitation shall annually prepare a budget for operational expenditures, programs, and projects, and submit it to the Iron Range Resources and Rehabilitation Board. After the budget is approved by the advisory board and the governor, the commissioner may spend money in accordance with the approved budget.

Sec. 33. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to read:

Subd. 13. **Grants and loans for economic development projects; requirements.** (a) Prior to awarding any grants or approving loans from any fund or account from which the commissioner has the authority under law to expend money, the commissioner must evaluate applications based on criteria including, but not limited to:

(1) job creation or retention goals for the project, including but not limited to wages and benefits, and whether the jobs created are full time, part time, temporary, or permanent;

(2) whether the applicant's stated job creation or retention goals can be adequately measured using methods established by the commissioner;

(3) how and to what extent the project proposed by the applicant is expected to impact the economic climate of the Iron Range resources and rehabilitation services area;

(4) how the applicant would meet match requirements, if any; and

(5) whether the project for which a grant or loan application has been submitted meets the written objectives, priorities, and policies established by the commissioner.

(b) The commissioner, if appropriate, may include incentives in loan and grant award agreements to promote and assist grant recipients in achieving the stated job creation and retention objectives established by the commissioner.

(c) For all loans and grants awarded from funds under the commissioner's authority pursuant to this chapter, the commissioner must:

(1) maintain a database for tracking loan and grant awards;

(2) maintain an objective mechanism for measuring job creation and retention;

(3) verify achievement of job creation and retention goals by grant and loan recipients;

(4) monitor grant and loan awards to ensure that projects comply with applicable Iron Range resources and rehabilitation policies; and

(5) verify that grant or loan recipients have met applicable matching fund requirements.

Sec. 34. Minnesota Statutes 2016, section 298.221, is amended to read:

**298.221 RECEIPTS FROM CONTRACTS; APPROPRIATION.**

(a) Except as provided in paragraph (c), all money paid to the state of Minnesota pursuant to the terms of any contract entered into by the state under authority of section 298.22 and any fees which may, in the discretion of the commissioner of Iron Range resources and rehabilitation, be charged in connection with any project pursuant to that section as amended, shall be deposited in the state treasury to the credit of the Iron Range resources and rehabilitation ~~Board~~ account in the special revenue fund and are hereby appropriated for the purposes of section 298.22.

(b) Notwithstanding section 16A.013, merchandise may be accepted by the commissioner of the Iron Range resources and rehabilitation ~~Board~~ for payment of advertising contracts if the commissioner determines that the merchandise can be used for special event prizes or mementos at facilities operated by the ~~board~~ commissioner. Nothing in this paragraph authorizes the commissioner or a member of the advisory board to receive merchandise for personal use.

(c) All fees charged by the commissioner in connection with public use of the state-owned ski and golf facilities at the Giants Ridge Recreation Area and all other revenues derived by the commissioner from the operation or lease of those facilities and from the lease, sale, or other disposition of undeveloped lands at the Giants Ridge Recreation Area must be deposited into an Iron Range resources and rehabilitation ~~Board~~ account that is created within the state enterprise fund. All funds deposited in the enterprise fund account are appropriated to the commissioner ~~to be expended, subject to approval by the board,~~ and may only be used, after consultation with the advisory board, as follows:

(1) to pay costs associated with the construction, equipping, operation, repair, or improvement of the Giants Ridge Recreation Area facilities or lands;

(2) to pay principal, interest and associated bond issuance, reserve, and servicing costs associated with the financing of the facilities; and

(3) to pay the costs of any other project authorized under section 298.22.

Sec. 35. Minnesota Statutes 2016, section 298.2211, subdivision 3, is amended to read:

Subd. 3. **Project approval.** ~~All projects authorized by this section shall be submitted by the commissioner to the Iron Range Resources and Rehabilitation Board for approval by the board~~ The commissioner may authorize a project under this section only after consulting the advisory board. Prior to the commencement of a project involving the exercise by the commissioner of any authority of sections 469.174 to 469.179, the governing body of each municipality in which any part of the project is located and the county board of any county containing portions of the project not located in an incorporated area shall by majority vote approve or disapprove the project. Any project approved by the ~~board~~ commissioner and the applicable governing bodies, if any, together with detailed information concerning the project, its costs, the sources of its funding, and the amount of any bonded indebtedness to be incurred in connection with the project, shall be transmitted to the

governor, who shall approve, disapprove, or return the proposal for additional consideration within 30 days of receipt. No project authorized under this section shall be undertaken, and no obligations shall be issued and no tax increments shall be expended for a project authorized under this section until the project has been approved by the governor.

Sec. 36. Minnesota Statutes 2016, section 298.2211, subdivision 6, is amended to read:

Subd. 6. **Fee setting.** Fees for admission to or use of facilities operated by the commissioner of Iron Range resources and rehabilitation Board that have been established according to prevailing market conditions and to recover operating costs need not be set by rule.

Sec. 37. Minnesota Statutes 2016, section 298.2212, is amended to read:

#### **298.2212 INVESTMENT OF FUNDS.**

All funds credited to the Iron Range resources and rehabilitation ~~Board~~ account in the special revenue fund for the purposes of section 298.22 must be invested pursuant to law. The net interest and dividends from the investments are included and become part of the funds available for purposes of section 298.22.

Sec. 38. Minnesota Statutes 2016, section 298.223, subdivision 1, is amended to read:

Subdivision 1. **Creation; purposes.** A fund called the taconite environmental protection fund is created for the purpose of reclaiming, restoring and enhancing those areas of northeast Minnesota located within the taconite assistance area defined in section 273.1341, that are adversely affected by the environmentally damaging operations involved in mining taconite and iron ore and producing iron ore concentrate and for the purpose of promoting the economic development of northeast Minnesota. The taconite environmental protection fund shall be used for the following purposes:

(1) to initiate investigations into matters the commissioner of Iron Range resources and rehabilitation Board determines are in need of study and which will determine the environmental problems requiring remedial action;

(2) reclamation, restoration, or reforestation of mine lands not otherwise provided for by state law;

(3) local economic development projects ~~but only if those projects are approved by the board,~~ and public works, including construction of sewer and water systems located within the taconite assistance area defined in section 273.1341;

(4) monitoring of mineral industry related health problems among mining employees; and

(5) local public works projects under section 298.227, paragraph (c).

Sec. 39. Minnesota Statutes 2016, section 298.223, subdivision 2, is amended to read:

Subd. 2. **Administration.** ~~(a) The taconite area environmental protection fund shall be administered by the commissioner of the Iron Range Resources and Rehabilitation Board, who must consult with the advisory board before expending any funds. The commissioner shall by September 1 of each year submit to the board a list of projects to be funded from the taconite area~~

~~environmental protection fund, with such supporting information including description of the projects, plans, and cost estimates as may be necessary.~~

~~(b) Each year no less than one-half of the amounts deposited into the taconite environmental protection fund must be used for public works projects, including construction of sewer and water systems, as specified under subdivision 1, clause (3). the Iron Range Resources and Rehabilitation Board may waive the requirements of this paragraph.~~

~~(c) Upon approval by the board, the list of projects approved under this subdivision shall be submitted to the governor by November 1 of each year. By December 1 of each year, the governor shall approve or disapprove, or return for further consideration, each project. Funds for a project may be expended only upon approval of the project by the board and the governor. The commissioner may submit supplemental projects to the board and governor for approval at any time.~~

Sec. 40. Minnesota Statutes 2016, section 298.227, is amended to read:

### **298.227 TACONITE ECONOMIC DEVELOPMENT FUND.**

~~(a)~~ An amount equal to that distributed pursuant to each taconite producer's taxable production and qualifying sales under section 298.28, subdivision 9a, shall be held by the commissioner of Iron Range resources and rehabilitation ~~Board~~ in a separate taconite economic development fund for each taconite and direct reduced ore producer. Money from the fund for each producer shall be released by the commissioner after review by a joint committee consisting of an equal number of representatives of the salaried employees and the nonsalaried production and maintenance employees of that producer. The District 11 director of the United States Steelworkers of America, on advice of each local employee president, shall select the employee members. In nonorganized operations, the employee committee shall be elected by the nonsalaried production and maintenance employees. The review must be completed no later than six months after the producer presents a proposal for expenditure of the funds to the committee. The funds held pursuant to this section may be released only for workforce development and associated public facility improvement, or for acquisition of plant and stationary mining equipment and facilities for the producer or for research and development in Minnesota on new mining, or taconite, iron, or steel production technology, but only if the producer provides a matching expenditure equal to the amount of the distribution to be used for the same purpose beginning with distributions in 2014. Effective for proposals for expenditures of money from the fund beginning May 26, 2007, the commissioner may not release the funds before the next scheduled meeting of the board. If a proposed expenditure is not approved by the commissioner, after consultation with the advisory board, the funds must be deposited in the Taconite Environmental Protection Fund under sections 298.222 to 298.225. ~~If a producer uses money which has been released from the fund prior to May 26, 2007 to procure haulage trucks, mobile equipment, or mining shovels, and the producer removes the piece of equipment from the taconite tax relief area defined in section 273.134 within ten years from the date of receipt of the money from the fund, a portion of the money granted from the fund must be repaid to the taconite economic development fund. The portion of the money to be repaid is 100 percent of the grant if the equipment is removed from the taconite tax relief area within 12 months after receipt of the money from the fund, declining by ten percent for each of the subsequent nine years during which the equipment remains within the taconite tax relief area. If a taconite production facility is sold after operations at the facility had ceased, any money remaining in the fund for the former producer may be released to the purchaser of the facility on the terms otherwise applicable to the former producer under this section. If a producer fails to provide matching funds for a proposed expenditure within six months~~

after the commissioner approves release of the funds, the funds are available for release to another producer in proportion to the distribution provided and under the conditions of this section. Any portion of the fund which is not released by the commissioner within one year of its deposit in the fund shall be divided between the taconite environmental protection fund created in section 298.223 and the Douglas J. Johnson economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds shall be distributed to the taconite environmental protection fund and one-third to the Douglas J. Johnson economic protection trust fund.

~~(b)(i) Notwithstanding the requirements of paragraph (a), setting the amount of distributions and the review process, an amount equal to ten cents per taxable ton of production in 2007, for distribution in 2008 only, that would otherwise be distributed under paragraph (a), may be used for a loan or grant for the cost of providing for a value-added wood product facility located in the taconite tax relief area and in a county that contains a city of the first class. This amount must be deducted from the distribution under paragraph (a) for which a matching expenditure by the producer is not required. The granting of the loan or grant is subject to approval by the board. If the money is provided as a loan, interest must be payable on the loan at the rate prescribed in section 298.2213, subdivision 3. (ii) Repayments of the loan and interest, if any, must be deposited in the taconite environment protection fund under sections 298.222 to 298.225. If a loan or grant is not made under this paragraph by July 1, 2012, the amount that had been made available for the loan under this paragraph must be transferred to the taconite environment protection fund under sections 298.222 to 298.225. (iii) Money distributed in 2008 to the fund established under this section that exceeds ten cents per ton is available to qualifying producers under paragraph (a) on a pro rata basis.~~

~~(c) Repayment or transfer of money to the taconite environmental protection fund under paragraph (b), item (ii), must be allocated by the Iron Range resources and rehabilitation Board for public works projects in house legislative districts in the same proportion as taxable tonnage of production in 2007 in each house legislative district, for distribution in 2008, bears to total taxable tonnage of production in 2007, for distribution in 2008. Notwithstanding any other law to the contrary, expenditures under this paragraph do not require approval by the governor. For purposes of this paragraph, "house legislative districts" means the legislative districts in existence on May 15, 2009.~~

Sec. 41. Minnesota Statutes 2016, section 298.27, is amended to read:

#### **298.27 COLLECTION AND PAYMENT OF TAX.**

The taxes provided by section 298.24 shall be paid directly to each eligible county and the commissioner of Iron Range resources and rehabilitation Board. The commissioner of revenue shall notify each producer of the amount to be paid each recipient prior to February 15. Every person subject to taxes imposed by section 298.24 shall file a correct report covering the preceding year. The report must contain the information required by the commissioner of revenue. The report shall be filed by each producer on or before February 1. A remittance equal to 50 percent of the total tax required to be paid hereunder shall be paid on or before February 24. A remittance equal to the remaining total tax required to be paid hereunder shall be paid on or before August 24. On or before February 25 and August 25, the county auditor shall make distribution of the payments previously received by the county in the manner provided by section 298.28. Reports shall be made and hearings held upon the determination of the tax in accordance with procedures established by the commissioner of revenue. The commissioner of revenue shall have authority to make reasonable

rules as to the form and manner of filing reports necessary for the determination of the tax hereunder, and by such rules may require the production of such information as may be reasonably necessary or convenient for the determination and apportionment of the tax. All the provisions of the occupation tax law with reference to the assessment and determination of the occupation tax, including all provisions for appeals from or review of the orders of the commissioner of revenue relative thereto, but not including provisions for refunds, are applicable to the taxes imposed by section 298.24 except in so far as inconsistent herewith. If any person subject to section 298.24 shall fail to make the report provided for in this section at the time and in the manner herein provided, the commissioner of revenue shall in such case, upon information possessed or obtained, ascertain the kind and amount of ore mined or produced and thereon find and determine the amount of the tax due from such person. There shall be added to the amount of tax due a penalty for failure to report on or before February 1, which penalty shall equal ten percent of the tax imposed and be treated as a part thereof.

If any person responsible for making a tax payment at the time and in the manner herein provided fails to do so, there shall be imposed a penalty equal to ten percent of the amount so due, which penalty shall be treated as part of the tax due.

In the case of any underpayment of the tax payment required herein, there may be added and be treated as part of the tax due a penalty equal to ten percent of the amount so underpaid.

A person having a liability of \$120,000 or more during a calendar year must remit all liabilities by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

Sec. 42. Minnesota Statutes 2016, section 298.28, subdivision 7, is amended to read:

Subd. 7. **Iron Range resources and rehabilitation ~~Board~~ account.** For the 1998 distribution, 6.5 cents per taxable ton shall be paid to the Iron Range resources and rehabilitation ~~Board~~ account for the purposes of section 298.22. That amount shall be increased for distribution years 1999 through 2014 and for distribution in 2018 and subsequent years in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1. The amount distributed pursuant to this subdivision shall be expended within or for the benefit of the taconite assistance area defined in section 273.1341. ~~No part of the fund provided in this subdivision may be used to provide loans for the operation of private business unless the loan is approved by the governor.~~

Sec. 43. Minnesota Statutes 2016, section 298.28, subdivision 7a, is amended to read:

Subd. 7a. **Iron Range school consolidation and cooperatively operated school account.** (a) The following amounts must be allocated to the commissioner of Iron Range resources and rehabilitation ~~Board~~ to be deposited in the Iron Range school consolidation and cooperatively operated school account that is hereby created:

(1)(i) for distributions in 2015 through 2023, ten cents per taxable ton of the tax imposed under section 298.24; and

(ii) for distributions beginning in 2024, five cents per taxable ton of the tax imposed under section 298.24;

(2) the amount as determined under section 298.17, paragraph (b), clause (3);

(3)(i) for distributions in 2015, an amount equal to two-thirds of the increased tax proceeds attributable to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, with the remaining one-third to be distributed to the Douglas J. Johnson economic protection trust fund;

(ii) for distributions in 2016, an amount equal to two-thirds of the sum of the increased tax proceeds attributable to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, for distribution years 2015 and 2016, with the remaining one-third to be distributed to the Douglas J. Johnson economic protection trust fund; and

(iii) for distributions in 2017, an amount equal to two-thirds of the sum of the increased tax proceeds attributable to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, for distribution years 2015, 2016, and 2017, with the remaining one-third to be distributed to the Douglas J. Johnson economic protection trust fund; and

(4) any other amount as provided by law.

(b) Expenditures from this account may be approved as ongoing annual expenditures and shall be made only to provide disbursements to assist school districts with the payment of bonds that were issued for qualified school projects, or for any other school disbursement as approved by the commissioner of Iron Range resources and rehabilitation after consultation with the Iron Range Resources and Rehabilitation Board. For purposes of this section, "qualified school projects" means school projects within the taconite assistance area as defined in section 273.1341, that were (1) approved, by referendum, after April 3, 2006; and (2) approved by the commissioner of education pursuant to section 123B.71.

(c) Beginning in fiscal year 2019, the disbursement to school districts for payments for bonds issued under section 123A.482, subdivision 9, must be increased each year to offset any reduction in debt service equalization aid that the school district qualifies for in that year, under section 123B.53, subdivision 6, compared with the amount the school district qualified for in fiscal year 2018.

(d) No expenditure under this section shall be made unless approved by ~~seven members of the~~ commissioner of Iron Range resources and rehabilitation after consultation with the Iron Range Resources and Rehabilitation Board.

Sec. 44. Minnesota Statutes 2016, section 298.28, subdivision 9c, is amended to read:

Subd. 9c. **Distribution; city of Eveleth.** 0.20 cent per taxable ton must be paid to the city of Eveleth for distribution in 2013 and thereafter, to be used for the support of the Hockey Hall of Fame, provided that it continues to operate in that city, and provided that the city of Eveleth certifies to the St. Louis County auditor that it has received donations for the support of the Hockey Hall of Fame from other donors. If the Hockey Hall of Fame ceases to operate in the city of Eveleth prior to receipt of the distribution in any year, and the governing body of the city determines that it is unlikely to resume operation there within a six-month period, the distribution under this subdivision shall be made to the commissioner of Iron Range resources and rehabilitation Board.

Sec. 45. Minnesota Statutes 2016, section 298.28, subdivision 9d, is amended to read:

Subd. 9d. **Iron Range higher education account.** Five cents per taxable ton must be allocated to the ~~Iron Range Resources and Rehabilitation Board~~ to be deposited in an Iron Range higher education account that is hereby created, to be used for higher education programs conducted at educational institutions in the taconite assistance area defined in section 273.1341. The Iron Range Higher Education committee under section 298.2214, and the commissioner of Iron Range resources and rehabilitation Board, after consultation with the advisory board, must approve all expenditures from the account.

Sec. 46. Minnesota Statutes 2016, section 298.28, subdivision 11, is amended to read:

Subd. 11. **Remainder.** (a) The proceeds of the tax imposed by section 298.24 which remain after the distributions and payments in subdivisions 2 to 10a, as certified by the commissioner of revenue, and paragraphs (b), (c), and (d) have been made, together with interest earned on all money distributed under this section prior to distribution, shall be divided between the taconite environmental protection fund created in section 298.223 and the Douglas J. Johnson economic protection trust fund created in section 298.292 as follows: Two-thirds to the taconite environmental protection fund and one-third to the Douglas J. Johnson economic protection trust fund. The proceeds shall be placed in the respective special accounts.

(b) There shall be distributed to each city, town, and county the amount that it received under Minnesota Statutes 1978, section 294.26<sub>2</sub> in calendar year 1977; provided, however, that the amount distributed in 1981 to the unorganized territory number 2 of Lake County and the town of Beaver Bay based on the between-terminal trackage of Erie Mining Company will be distributed in 1982 and subsequent years to the unorganized territory number 2 of Lake County and the towns of Beaver Bay and Stony River based on the miles of track of Erie Mining Company in each taxing district.

(c) There shall be distributed to the Iron Range resources and rehabilitation ~~Board~~ account the amounts it received in 1977 under Minnesota Statutes 1978, section 298.22. The amount distributed under this paragraph shall be expended within or for the benefit of the taconite assistance area defined in section 273.1341.

(d) There shall be distributed to each school district 62 percent of the amount that it received under Minnesota Statutes 1978, section 294.26<sub>2</sub> in calendar year 1977.

Sec. 47. Minnesota Statutes 2016, section 298.292, subdivision 2, is amended to read:

Subd. 2. **Use of money.** Money in the Douglas J. Johnson economic protection trust fund may be used for the following purposes:

(1) to provide loans, loan guarantees, interest buy-downs and other forms of participation with private sources of financing, but a loan to a private enterprise shall be for a principal amount not to exceed one-half of the cost of the project for which financing is sought, and the rate of interest on a loan to a private enterprise shall be no less than the lesser of eight percent or an interest rate three percentage points less than a full faith and credit obligation of the United States government of comparable maturity, at the time that the loan is approved;

(2) to fund reserve accounts established to secure the payment when due of the principal of and interest on bonds issued pursuant to section 298.2211;



(3) to pay in periodic payments or in a lump-sum payment any or all of the interest on bonds issued pursuant to chapter 474 for the purpose of constructing, converting, or retrofitting heating facilities in connection with district heating systems or systems utilizing alternative energy sources;

(4) to invest in a venture capital fund or enterprise that will provide capital to other entities that are engaging in, or that will engage in, projects or programs that have the purposes set forth in subdivision 1. No investments may be made in a venture capital fund or enterprise unless at least two other unrelated investors make investments of at least \$500,000 in the venture capital fund or enterprise, and the investment by the Douglas J. Johnson economic protection trust fund may not exceed the amount of the largest investment by an unrelated investor in the venture capital fund or enterprise. For purposes of this subdivision, an "unrelated investor" is a person or entity that is not related to the entity in which the investment is made or to any individual who owns more than 40 percent of the value of the entity, in any of the following relationships: spouse, parent, child, sibling, employee, or owner of an interest in the entity that exceeds ten percent of the value of all interests in it. For purposes of determining the limitations under this clause, the amount of investments made by an investor other than the Douglas J. Johnson economic protection trust fund is the sum of all investments made in the venture capital fund or enterprise during the period beginning one year before the date of the investment by the Douglas J. Johnson economic protection trust fund; and

(5) to purchase forest land in the taconite assistance area defined in section 273.1341 to be held and managed as a public trust for the benefit of the area for the purposes authorized in section 298.22, subdivision 5a. Property purchased under this section may be sold by the commissioner ~~upon approval by the~~, after consultation with the advisory board. The net proceeds must be deposited in the trust fund for the purposes and uses of this section.

Money from the trust fund shall be expended only in or for the benefit of the taconite assistance area defined in section 273.1341.

Sec. 48. Minnesota Statutes 2016, section 298.296, is amended to read:

#### **298.296 OPERATION OF FUND.**

Subdivision 1. **Project approval.** ~~The board and commissioner shall by August 1 of each year prepare a list of projects to be funded from the Douglas J. Johnson economic protection trust with necessary supporting information including description of the projects, plans, and cost estimates. These Projects shall be consistent with the priorities established in section 298.292 and shall not be approved by the board unless it~~ commissioner unless the commissioner, after consultation with the advisory board, finds that:

(a) the project will materially assist, directly or indirectly, the creation of additional long-term employment opportunities;

(b) the prospective benefits of the expenditure exceed the anticipated costs; and

(c) in the case of assistance to private enterprise, the project will serve a sound business purpose.

~~Each project must be approved by over one-half of all of the members of the board and the commissioner of Iron Range resources and rehabilitation. The list of projects shall be submitted to the governor, who shall, by November 15 of each year, approve or disapprove, or return for further consideration, each project. The money for a project may be expended only upon approval of the project by the governor. The board may submit supplemental projects for approval at any time.~~

Subd. 2. **Expenditure of funds.** (a) Before January 1, 2028, funds may be expended on projects and for administration of the trust fund only from the net interest, earnings, and dividends arising from the investment of the trust at any time, including net interest, earnings, and dividends that have arisen prior to July 13, 1982, plus \$10,000,000 made available for use in fiscal year 1983, except that any amount required to be paid out of the trust fund to provide the property tax relief specified in Laws 1977, chapter 423, article X, section 4, and to make school bond payments and payments to recipients of taconite production tax proceeds pursuant to section 298.225, may be taken from the corpus of the trust.

~~(b) Additionally, upon recommendation by the board, up to \$13,000,000 from the corpus of the trust may be made available for use as provided in subdivision 4, and up to \$10,000,000 from the corpus of the trust may be made available for use as provided in section 298.2961.~~

~~(e)~~ (b) Additionally, an amount equal to 20 percent of the value of the corpus of the trust on May 18, 2002, ~~not including the funds authorized in paragraph (b);~~ plus the amounts made available under section 298.28, subdivision 4, and Laws 2002, chapter 377, article 8, section 17, may be expended on projects. ~~Funds~~ The commissioner may be expended expend funds for projects under this paragraph only if ~~the project:~~

(1) the project is for the purposes established under section 298.292, subdivision 1, clause (1) or (2); and

(2) is approved by two thirds of all of the members of the board the commissioner has consulted with the advisory board.

No money made available under this paragraph or paragraph ~~(d)~~ (c) can be used for administrative or operating expenses of the Department of Iron Range Resources and Rehabilitation Board or expenses relating to any facilities owned or operated by the ~~board~~ commissioner on May 18, 2002.

~~(d) Upon recommendation by a unanimous vote of all members of the board,~~ (c) The commissioner may spend amounts in addition to those authorized under paragraphs (a); and (b); and (e) may be expended on projects described in section 298.292, subdivision 1, only after consultation with the advisory board.

~~(e)~~ (d) Annual administrative costs, not including detailed engineering expenses for the projects, shall not exceed five percent of the net interest, dividends, and earnings arising from the trust in the preceding fiscal year.

~~(f)~~ (e) Principal and interest received in repayment of loans made pursuant to this section, and earnings on other investments made under section 298.292, subdivision 2, clause (4), shall be deposited in the state treasury and credited to the trust. These receipts are appropriated to the board for the purposes of sections 298.291 to ~~298.298~~ 298.297.

~~(g)~~ (f) Additionally, notwithstanding section 298.293, ~~upon the approval of the board,~~ the commissioner, after consultation with the advisory board, may expend money from the corpus of the trust ~~may be expended~~ to purchase forest lands within the taconite assistance area as provided in sections 298.22, subdivision 5a, and 298.292, subdivision 2, clause (5).

Subd. 3. **Administration.** The commissioner ~~and staff of the~~ Iron Range resources and rehabilitation ~~Board~~ shall administer the program under which funds are expended pursuant to sections 298.292 to ~~298.298~~ 298.297.

Subd. 4. **Temporary loan authority.** ~~(a) The board may recommend that~~ After consultation with the advisory board, the commissioner may use up to \$7,500,000 from the corpus of the trust ~~may be used~~ for loans, loan guarantees, grants, or equity investments as provided in this subdivision. The money would be available for loans for construction and equipping of facilities constituting (1) a value added iron products plant, which may be either a new plant or a facility incorporated into an existing plant that produces iron upgraded to a minimum of 75 percent iron content or any iron alloy with a total minimum metallic content of 90 percent; or (2) a new mine or minerals processing plant for any mineral subject to the net proceeds tax imposed under section 298.015. A loan or loan guarantee under this paragraph may not exceed \$5,000,000 for any facility.

~~(b) Additionally, the board must reserve the first \$2,000,000 of the net interest, dividends, and earnings arising from the investment of the trust after June 30, 1996, to be used for grants, loans, loan guarantees, or equity investments for the purposes set forth in paragraph (a). This amount must be reserved until it is used as described in this subdivision.~~

~~(e)~~ (b) Additionally, the board may recommend that the commissioner, after consultation with the advisory board, may use up to \$5,500,000 from the corpus of the trust ~~may be used~~ for additional grants, loans, loan guarantees, or equity investments for the purposes set forth in paragraph (a).

~~(d)~~ (c) The board commissioner, after consultation with the advisory board, may require that ~~the fund~~ receive an equity percentage in any project to which it contributes under this section.

Sec. 49. Minnesota Statutes 2016, section 298.2961, is amended to read:

#### **298.2961 PRODUCER GRANTS.**

Subdivision 1. **Appropriation.** (a) \$10,000,000 is appropriated from the Douglas J. Johnson economic protection trust fund to a special account in the taconite area environmental protection fund for grants to producers on a project-by-project basis as provided in this section.

(b) The proceeds of the tax designated under section 298.28, subdivision 9b, are appropriated for grants to producers on a project-by-project basis as provided in this section.

Subd. 2. **Projects; approval.** (a) Projects funded must be for:

(1) environmentally unique reclamation projects; or

(2) pit or plant repairs, expansions, or modernizations other than for a value added iron products plant.

~~(b) To be proposed by the board, a project must be approved by the board. The money for a project may be spent only upon approval of the project by the governor. The board may submit supplemental projects for approval at any time~~ The commissioner may approve a project only after consultation with the advisory board.

(c) The commissioner, after consultation with the advisory board, may require that ~~the fund~~ receive an equity percentage in any project to which it contributes under this section.

Subd. 3. **Redistribution.** (a) If a taconite production facility is sold after operations at the facility had ceased, any money remaining in the taconite environmental fund for the former producer may be released to the purchaser of the facility on the terms otherwise applicable to the former producer under this section.

(b) Any portion of the taconite environmental fund that is not released by the commissioner within three years of its deposit in the taconite environmental fund shall be divided between the taconite environmental protection fund created in section 298.223 and the Douglas J. Johnson economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds must be distributed to the taconite environmental protection fund and one-third to the Douglas J. Johnson economic protection trust fund.

Subd. 4. **Grant and loan fund.** (a) A fund is established to receive distributions under section 298.28, subdivision 9b, and to make grants or loans as provided in this subdivision. Any grant or loan made under this subdivision must be approved by the commissioner, after consultation with the advisory board, established under section 298.22.

(b) All distributions received in 2009 and subsequent years are allocated for projects under section 298.223, subdivision 1.

Sec. 50. Minnesota Statutes 2016, section 298.297, is amended to read:

#### **298.297 ADVISORY COMMITTEES.**

Before submission of a project to the advisory board, the commissioner of Iron Range resources and rehabilitation shall appoint a technical advisory committee consisting of one or more persons who are knowledgeable in areas related to the objectives of the proposal. Members of the committees shall be compensated as provided in section 15.059, subdivision 3. The advisory board shall not ~~not~~ make recommendations on a proposal until it has received the evaluation and recommendations of the technical advisory committee or until 15 days have elapsed since the proposal was transmitted to the advisory committee, whichever occurs first.

Sec. 51. Minnesota Statutes 2016, section 298.46, subdivision 2, is amended to read:

Subd. 2. **Unmined iron ore; valuation petition.** When in the opinion of the duly constituted authorities of a taxing district there are in existence reserves of unmined iron ore located in such district, these authorities may petition the commissioner of Iron Range resources and rehabilitation Board for authority to petition the county assessor to verify the existence of such reserves and to ascertain the value thereof by drilling in a manner consistent with established engineering and geological exploration methods, in order that such taxing district may be able to forecast in a proper manner its future economic and fiscal potentials. The commissioner of Iron Range resources and rehabilitation may grant the authority to petition only after consultation with the advisory board.

Sec. 52. Minnesota Statutes 2016, section 298.46, subdivision 5, is amended to read:

Subd. 5. **Payment of costs; reimbursement.** The cost of such exploration or drilling plus any damages to the property which may be assessed by the district court shall be paid by the commissioner of Iron Range resources and rehabilitation Board from amounts appropriated to ~~that board~~ the commissioner of Iron Range resources and rehabilitation under section 298.22. The commissioner of Iron Range resources and rehabilitation Board shall be reimbursed for one-half of the amounts thus expended. Such reimbursement shall be made by the taxing districts in the proportion that each such taxing district's levy on the property involved bears to the total levy on such property. Such reimbursement shall be made to the commissioner of Iron Range resources and rehabilitation Board in the manner provided by section 298.221.

Sec. 53. Minnesota Statutes 2016, section 298.46, subdivision 6, is amended to read:

Subd. 6. **Refusal to reimburse; reduction of other payments.** If any taxing district refuses to pay its share of the reimbursement as provided in subdivision 5, the county auditor is hereby authorized to reduce payments required to be made by the county to such taxing district under other provisions of law. Thereafter the auditor shall draw a warrant, which shall be deposited with the state treasury in accordance with section 298.221, to the credit of the commissioner of Iron Range resources and rehabilitation Board.

Sec. 54. Minnesota Statutes 2016, section 466.03, subdivision 6c, is amended to read:

Subd. 6c. **Water access sites.** Any claim based upon the construction, operation, or maintenance by a municipality of a water access site created by the commissioner of Iron Range resources and rehabilitation Board. A water access site under this subdivision that provides access to an idled, water filled mine pit also includes the entire water filled area of the pit, and, further, claims related to a mine pit water access site under this subdivision include those based upon the caving or slumping of mine pit walls.

Sec. 55. Minnesota Statutes 2016, section 469.310, subdivision 9, is amended to read:

Subd. 9. **Local government unit.** "Local government unit" means a statutory or home rule charter city, county, town, the Department of Iron Range Resources and Rehabilitation agency, regional development commission, or a federally designated economic development district.

Sec. 56. Minnesota Statutes 2016, section 474A.02, subdivision 21, is amended to read:

Subd. 21. **Preliminary resolution.** "Preliminary resolution" means a resolution adopted by the governing body or board of the issuer, or ~~in the case of the~~ by the commissioner of Iron Range resources and rehabilitation Board by the commissioner. The resolution must express a preliminary intention of the issuer to issue obligations for a specific project, identify the proposed project, and disclose the proposed amount of qualified bonds to be issued. Preliminary resolutions for mortgage bonds and student loan bonds need not identify a specific project.

Sec. 57. Laws 2010, chapter 389, article 5, section 7, is amended to read:

#### Sec. 7. **GIANTS RIDGE RECREATION AREA TAXING AUTHORITY.**

Subdivision 1. **Additional taxes authorized.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or charter provision to the contrary, the city of Biwabik, upon approval both by its governing body and by the vote of at least seven members of the Iron Range Resources and Rehabilitation Board, may impose any or all of the taxes described in this section.

Subd. 2. **Use of proceeds.** The proceeds of any taxes imposed under this section, less refunds and costs of collection, must be deposited into the Iron Range Resources and Rehabilitation ~~Board~~ account enterprise fund created under the provisions of Minnesota Statutes, section 298.221, paragraph (c), and must be dedicated and expended by the commissioner of ~~the~~ Iron Range resources and rehabilitation ~~Board~~, upon approval by the vote of at least seven members of after consultation with the Iron Range Resources and Rehabilitation Board, to pay costs for the construction, renovation,

improvement, expansion, and maintenance of public recreational facilities located in those portions of the city within the Giants Ridge Recreation Area as defined in Minnesota Statutes, section 298.22, subdivision 7, or to pay any principal, interest, or premium on any bond issued to finance the construction, renovation, improvement, or expansion of such public recreational facilities.

Subd. 3. **Lodging tax.** (a) The city of Biwabik, upon approval both by its governing body and by the vote of at least seven members of the Iron Range Resources and Rehabilitation Board, may impose, by ordinance, a tax of not more than five percent on the gross receipts subject to the lodging tax under Minnesota Statutes, section 469.190. This tax is in addition to any tax imposed under Minnesota Statutes, section 469.190, and may be imposed only on gross lodging receipts generated within the Giants Ridge Recreation Area as defined in Minnesota Statutes, section 298.22, subdivision 7.

(b) If, after July 31, 2017, the city of Biwabik changes by ordinance the rate of the tax imposed under paragraph (a), the change must be approved by both the governing body of the city of Biwabik and the commissioner of Iron Range resources and rehabilitation, after the commissioner of Iron Range resources and rehabilitation consults with the Iron Range Resources and Rehabilitation Board.

Subd. 4. **Admissions and recreation tax.** (a) The city of Biwabik, upon approval both by its governing body and by the vote of at least seven members of the Iron Range Resources and Rehabilitation Board, may impose, by ordinance, a tax of not more than five percent on admission receipts to entertainment and recreational facilities and on receipts from the rental of recreation equipment, at sites within the Giants Ridge Recreation Area as defined in Minnesota Statutes, section 298.22, subdivision 7. The provisions of Minnesota Statutes, section 297A.99, except for subdivisions 2 and 3, govern the imposition, administration, collection, and enforcement of the tax authorized in this subdivision.

(b) If the city imposes the tax under paragraph (a), it must include in the ordinance an exemption for purchases of season tickets or passes.

(c) If, after July 31, 2017, the city of Biwabik changes by ordinance the rate of the tax imposed under paragraph (a), the change must be approved by both the governing body of the city of Biwabik and the commissioner of Iron Range resources and rehabilitation, after the commissioner of Iron Range resources and rehabilitation consults with the Iron Range Resources and Rehabilitation Board.

Subd. 5. **Food and beverage tax.** (a) The city of Biwabik, upon approval both by its governing body and by the vote of at least seven members of the Iron Range Resources and Rehabilitation Board, may impose, by ordinance, an additional sales tax of not more than one percent on gross receipts of food and beverages sold whether it is consumed on or off the premises by restaurants and places of refreshment as defined by resolution of the city within the Giants Ridge Recreation Area as defined in Minnesota Statutes, section 298.22, subdivision 7. The provisions of Minnesota Statutes, section 297A.99, except for subdivisions 2 and 3, govern the imposition, administration, collection, and enforcement of the tax authorized in this subdivision.

(b) If, after July 31, 2017, the city of Biwabik changes by ordinance the rate of the tax imposed under paragraph (a), the change must be approved by both the governing body of the city of Biwabik and the commissioner of Iron Range resources and rehabilitation, after the commissioner of Iron Range resources and rehabilitation consults with the Iron Range Resources and Rehabilitation Board.

**EFFECTIVE DATE.** This section is effective August 1, 2017, without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

**Sec. 58. DEPARTMENT OF IRON RANGE RESOURCES AND REHABILITATION;  
EARLY SEPARATION INCENTIVE PROGRAM AUTHORIZATION.**

(a) "Commissioner" as used in this section means the commissioner of Iron Range resources and rehabilitation unless otherwise specified.

(b) Notwithstanding any law to the contrary, the commissioner, in consultation with the commissioner of management and budget, shall offer a targeted early separation incentive program for employees of the commissioner who have attained the age of 60 years or who have received credit for at least 30 years of allowable service under the provisions of Minnesota Statutes, chapter 352. The commissioner shall also offer a targeted separation incentive program for employees of the commissioner whose positions are in support of operations at Giants Ridge and will be eliminated if the department no longer directly manages Giants Ridge operations.

(c) The early separation incentive program may include one or more of the following:

(1) employer-paid postseparation health, medical, and dental insurance until age 65; and

(2) cash incentives that may, but are not required to be, used to purchase additional years of service credit through the Minnesota State Retirement System, to the extent that the purchases are otherwise authorized by law.

(d) The commissioner shall establish eligibility requirements for employees to receive an incentive. The commissioner must exclude from eligibility for the incentive program employees having less than 20 years of allowable service who would otherwise qualify for the incentive program.

(e) The commissioner, consistent with the established program provisions under paragraph (b), and with the eligibility requirements under paragraph (f), may designate specific programs or employees as eligible to be offered the incentive program.

(f) Acceptance of the offered incentive must be voluntary on the part of the employee and must be in writing. The incentive may only be offered at the sole discretion of the commissioner.

(g) The cost of the incentive is payable solely by funds made available to the commissioner by law, but only on prior approval of the expenditures by the commissioner, after consultation with the Iron Range Resources and Rehabilitation Board.

(h) Unilateral implementation of this section by the commissioner is not an unfair labor practice under Minnesota Statutes, chapter 179A.

**EFFECTIVE DATE.** This section is effective the day following final enactment. This section expires July 30, 2018.

**Sec. 59. REVISOR'S INSTRUCTION.**

The revisor of statutes, with cooperation from the House Research Department and the Senate Counsel, Research and Fiscal Analysis Office, shall prepare legislation that makes conforming changes in accordance with the provisions of this article. The revisor shall submit the proposal, in

a form ready for introduction, during the 2018 regular legislative session to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over jobs and economic development.

Sec. 60. **REPEALER.**

Minnesota Statutes 2016, sections 298.22, subdivision 8; 298.2213; and 298.298, are repealed.

**ARTICLE 8**

**COMMERCE POLICY**

Section 1. Minnesota Statutes 2016, section 45.0135, subdivision 6, is amended to read:

Subd. 6. **Insurance fraud prevention account.** The insurance fraud prevention account is created in the state treasury. Money received from assessments under subdivision 7 and transferred from the automobile theft prevention account in ~~section~~ sections 65B.84, subdivision 1, and 297I.11, subdivision 2, is deposited in the account. Money in this fund is appropriated to the commissioner of commerce for the purposes specified in this section and sections 60A.951 to 60A.956.

Sec. 2. Minnesota Statutes 2016, section 46.131, subdivision 7, is amended to read:

Subd. 7. **Fiscal year assessments.** Such assessments shall be levied on July 1, 1965, and ~~at~~ prior to the beginning of each fiscal period beginning July 1 and ending June 30 thereafter, and shall be based on the total estimated expense as herein referred to during such period. Assessment revenue will be remitted to the commissioner for deposit in the financial institutions account on or before July 1 of each year.

Sec. 3. Minnesota Statutes 2016, section 46.131, is amended by adding a subdivision to read:

Subd. 11. **Financial institutions account; appropriation.** (a) The financial institutions account is created as a separate account in the special revenue fund. The account consists of funds received from assessments under subdivision 7 and examination fees under subdivision 8. Earnings, including interest, dividends, and any other earnings arising from account assets, must be credited to the account.

(b) Funds in the account are annually appropriated to the commissioner of commerce for activities under this section.

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

Sec. 4. Minnesota Statutes 2016, section 65B.84, subdivision 1, is amended to read:

Subdivision 1. **Program described; commissioner's duties; appropriation.** (a) The commissioner of commerce shall:

(1) develop and sponsor the implementation of statewide plans, programs, and strategies to combat automobile theft, improve the administration of the automobile theft laws, and provide a forum for identification of critical problems for those persons dealing with automobile theft;



(2) coordinate the development, adoption, and implementation of plans, programs, and strategies relating to interagency and intergovernmental cooperation with respect to automobile theft enforcement;

(3) annually audit the plans and programs that have been funded in whole or in part to evaluate the effectiveness of the plans and programs and withdraw funding should the commissioner determine that a plan or program is ineffective or is no longer in need of further financial support from the fund;

(4) develop a plan of operation including:

(i) an assessment of the scope of the problem of automobile theft, including areas of the state where the problem is greatest;

(ii) an analysis of various methods of combating the problem of automobile theft;

(iii) a plan for providing financial support to combat automobile theft;

(iv) a plan for eliminating car hijacking; and

(v) an estimate of the funds required to implement the plan; and

(5) distribute money, in consultation with the commissioner of public safety, pursuant to subdivision 3 from the automobile theft prevention special revenue account for automobile theft prevention activities, including:

(i) paying the administrative costs of the program;

(ii) providing financial support to the State Patrol and local law enforcement agencies for automobile theft enforcement teams;

(iii) providing financial support to state or local law enforcement agencies for programs designed to reduce the incidence of automobile theft and for improved equipment and techniques for responding to automobile thefts;

(iv) providing financial support to local prosecutors for programs designed to reduce the incidence of automobile theft;

(v) providing financial support to judicial agencies for programs designed to reduce the incidence of automobile theft;

(vi) providing financial support for neighborhood or community organizations or business organizations for programs designed to reduce the incidence of automobile theft and to educate people about the common methods of automobile theft, the models of automobiles most likely to be stolen, and the times and places automobile theft is most likely to occur; and

(vii) providing financial support for automobile theft educational and training programs for state and local law enforcement officials, driver and vehicle services exam and inspections staff, and members of the judiciary.

(b) The commissioner may not spend in any fiscal year more than ten percent of the money in the fund for the program's administrative and operating costs. The commissioner is annually appropriated and must distribute the amount of the proceeds credited to the automobile theft prevention special revenue account each year, less the transfer of \$1,300,000 each year to the ~~general fund~~ general fund insurance fraud prevention account described in section 297I.11, subdivision 2.

(c) At the end of each fiscal year, the commissioner may transfer any unobligated balances in the auto theft prevention account to the insurance fraud prevention account under section 45.0135, subdivision 6.

Sec. 5. **[72A.328] AFFINITY GROUP.**

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

(b) "Affinity program" means a group of individuals who are members of an entity that offers individuals benefits based on their membership in that entity. Affinity program does not include an entity that obtains group insurance, as defined in section 60A.02, subdivision 28, or risk retention groups as defined in section 60E.02, subdivision 12.

(c) "Policy" means an individually underwritten policy of private passenger vehicle insurance, as defined in section 65B.001, subdivision 2, or an individually underwritten policy of homeowner's insurance, as defined in section 65A.27, subdivision 4.

Subd. 2. **Discount.** An insurance company may offer an individual a discount or other benefit relating to a policy based on the individual's membership in an affinity program if:

(1) the benefit or discount is based on an actuarial justification; and

(2) the insurance company offers the benefit or discount to all members of the affinity program eligible for the discount or benefit.

Sec. 6. Minnesota Statutes 2016, section 80A.61, is amended to read:

**80A.61 SECTION 406; REGISTRATION BY BROKER-DEALER, AGENT, FUNDING PORTAL, INVESTMENT ADVISER, AND INVESTMENT ADVISER REPRESENTATIVE.**

**(a) Application for initial registration by broker-dealer, agent, ~~or~~ investment adviser, or investment adviser representative.** A person shall register as a broker-dealer, agent, ~~or~~ investment adviser, or investment adviser representative by filing an application and a consent to service of process complying with section 80A.88, and paying the fee specified in section 80A.65 and any reasonable fees charged by the designee of the administrator for processing the filing. The application must contain:

(1) the information or record required for the filing of a uniform application; and

(2) upon request by the administrator, any other financial or other information or record that the administrator determines is appropriate.

**(b) Amendment.** If the information or record contained in an application filed under subsection (a) is or becomes inaccurate or incomplete in a material respect, the registrant shall promptly file a correcting amendment.

**(c) Effectiveness of registration.** If an order is not in effect and a proceeding is not pending under section 80A.67, registration becomes effective at noon on the 45th day after a completed application is filed, unless the registration is denied. A rule adopted or order issued under this chapter may set an earlier effective date or may defer the effective date until noon on the 45th day after the filing of any amendment completing the application.

(d) **Registration renewal.** A registration is effective until midnight on December 31 of the year for which the application for registration is filed. Unless an order is in effect under section 80A.67, a registration may be automatically renewed each year by filing such records as are required by rule adopted or order issued under this chapter, by paying the fee specified in section 80A.65, and by paying costs charged by the designee of the administrator for processing the filings.

(e) **Additional conditions or waivers.** A rule adopted or order issued under this chapter may impose such other conditions, not inconsistent with the National Securities Markets Improvement Act of 1996. An order issued under this chapter may waive, in whole or in part, specific requirements in connection with registration as are in the public interest and for the protection of investors.

(f) **Funding portal registration.** A funding portal that has its principal place of business in the state of Minnesota shall register with the state of Minnesota by filing with the administrator a copy of the information or record required for the filing of an application for registration as a funding portal in the manner established by the Securities and Exchange Commission and/or the Financial Institutions Regulatory Authority (FINRA), along with any rule adopted or order issued, and any amendments thereto.

**(g) Application for investment adviser representative registration.**

(1) The application for initial registration as an investment adviser representative pursuant to section 80A.58 is made by completing Form U-4 (Uniform Application for Securities Industry Registration or Transfer) in accordance with the form instructions and by filing the form U-4 with the IARD. The application for initial registration must also include the following:

(i) proof of compliance by the investment adviser representative with the examination requirements of:

(A) the Uniform Investment Adviser Law Examination (Series 65); or

(B) the General Securities Representative Examination (Series 7) and the Uniform Combined State Law Examination (Series 66);

(ii) any other information the administrator may reasonably require.

(2) The application for the annual renewal registration as an investment adviser representative shall be filed with the IARD.

(3)(i) The investment adviser representative is under a continuing obligation to update information required by Form U-4 as changes occur;

(ii) An investment adviser representative and the investment adviser must file promptly with the IARD any amendments to the representative's Form U-4; and

(iii) An amendment will be considered to be filed promptly if the amendment is filed within 30 days of the event that requires the filing of the amendment.

(4) An application for initial or renewal of registration is not considered filed for purposes of section 80A.58 until the required fee and all required submissions have been received by the administrator.

(5) The application for withdrawal of registration as an investment adviser representative pursuant to section 80A.58 shall be completed by following the instructions on Form U-5 (Uniform Termination Notice for Securities Industry Registration) and filed upon Form U-5 with the IARD.

Sec. 7. Minnesota Statutes 2016, section 80A.65, subdivision 2, is amended to read:

Subd. 2. **Registration application and renewal filing fee.** Every applicant for an initial or renewal registration shall pay a filing fee of \$200 in the case of a broker-dealer, ~~\$50~~ \$65 in the case of an agent, ~~and \$100~~ in the case of an investment adviser, and \$50 in the case of an investment adviser representative. When an application is denied or withdrawn, the filing fee shall be retained. A registered agent who has terminated employment with one broker-dealer shall, before beginning employment with another broker-dealer, pay a transfer fee of \$25.

Sec. 8. Minnesota Statutes 2016, 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~~ \$500,000 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, ~~2017~~ 2018.

Sec. 9. [239.7511] GAS TAX SIGN ON PETROLEUM DISPENSER.

(a) The director must ensure that signs having 12-point font or greater are affixed on retail petroleum dispensers as follows:

(1) for regular or premium gasoline, a sign that reads: "The price for each gallon of gasoline includes the current state gasoline tax of 28.5 cents per gallon and federal gasoline tax of 18.4 cents per gallon. Revenue from the state fuel tax may be used only for roads and bridges, according to the Minnesota Constitution."; and

(2) for diesel fuel, a sign that reads: "The price for each gallon of diesel fuel includes the current state gasoline tax of 28.5 cents per gallon and federal gasoline tax of 24.4 cents per gallon. Revenue from the state fuel tax may be used only for roads and bridges, according to the Minnesota Constitution."

(b) The director must distribute the signs under this section to the owner or operator of retail petroleum dispensers. To the extent possible, the director must coordinate the distribution of signs with other duties the director may have involving retail petroleum dispensers.

(c) If the amount of the gasoline tax described in paragraph (a), clauses (1) and (2), changes, the director must distribute revised signs to reflect the updated gasoline tax amounts within 12 calendar months of the change.

(d) The director is prohibited from assessing any penalty, fine, or fee on the owner or operator of a retail petroleum dispenser that has a missing, destroyed, defaced, or otherwise damaged gas tax sign.

Sec. 10. Minnesota Statutes 2016, section 297I.11, subdivision 2, is amended to read:

Subd. 2. **Automobile theft prevention account.** A special revenue account in the state treasury shall be credited with the proceeds of the surcharge imposed under subdivision 1. Of the revenue in the account, \$1,300,000 each year must be transferred to the ~~general fund~~ insurance fraud prevention account under section 45.0135, subdivision 6. Revenues in excess of \$1,300,000 each year may be used only for the automobile theft prevention program described in section 65B.84.

Sec. 11. Minnesota Statutes 2016, section 325J.06, is amended to read:

**325J.06 EFFECT OF NONREDEMPTION.**

(a) A pledgor shall have no obligation to redeem pledged goods or make any payment on a pawn transaction. Pledged goods not redeemed within at least 60 days of the date of the pawn transaction, ~~renewal, or extension~~ shall automatically be forfeited to the pawnbroker, and qualified right, title, and interest in and to the goods shall automatically vest in the pawnbroker.

(b) The pawnbroker's right, title, and interest in the pledged goods under paragraph (a) is qualified only by the pledgor's right, while the pledged goods remain in possession of the pawnbroker and not sold to a third party, to redeem the goods by paying the loan plus fees and/or interest accrued up to the date of redemption.

(c) A pawn transaction that involves holding only the title to property is subject to chapter 168A or 336.

Sec. 12. Minnesota Statutes 2016, section 345.42, is amended by adding a subdivision to read:

Subd. 1a. **Required lists.** (a) Beginning January 1, 2018, and annually thereafter, and provided that a member has requested it, the commissioner shall provide to each member of the legislature a list in electronic form of all persons appearing to be owners of abandoned property whose last known address is located in the legislator's respective legislative district.

(b) Beginning July 1, 2017, and every six months thereafter, and provided that a county has requested it, the commissioner shall provide to the county a list in electronic form of all persons appearing to be owners of abandoned property whose last known address is located in the county. A request under this paragraph must be made in writing by a person authorized by the county to make the request and is good until canceled.

**EFFECTIVE DATE.** This section is effective January 1, 2018.

Sec. 13. Minnesota Statutes 2016, section 345.49, is amended to read:

**345.49 CLAIM FOR ABANDONED PROPERTY PAID OR DELIVERED.**

Subdivision 1. **Filing.** (a) Any person claiming an interest in any property delivered to the state under sections 345.31 to 345.60 may file a claim thereto or to the proceeds from the sale thereof on the form prescribed by the commissioner.

(b) Any person claiming an interest in property evidenced by a will or trust document, or court order, may submit to the commissioner only such portions of the document or order necessary to establish a claim.

Subd. 2. **Appropriation.** There is hereby appropriated to the persons entitled to a refund, from the fund in the state treasury to which the money was credited, an amount sufficient to make the refund and payment.

Subd. 3. **Data.** Government data received by the commissioner pursuant to this section is nonpublic data or private data on individuals, as defined in section 13.02, subdivisions 9 and 12.

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

Sec. 14. **[471.9998] MERCHANT BAGS.**

Subdivision 1. **Merchant option.** All merchants, itinerant vendors, and peddlers doing business in this state shall have the option to provide customers a paper, plastic, or reusable bag for the packaging of any item or good purchased, provided such purchase is of a size and manner commensurate with the use of paper, plastic, or reusable bags.

Subd. 2. **Prohibition; bag ban.** Notwithstanding any other provision of law, no political subdivision shall impose any ban upon the use of paper, plastic, or reusable bags for packaging of any item or good purchased from a merchant, itinerant vendor, or peddler.

**EFFECTIVE DATE.** This section is effective May 31, 2017. Ordinances existing on the effective date of this section that would be prohibited under this section are invalid as of the effective date of this section.

Sec. 15. **REPORT ON UNCLAIMED PROPERTY DIVISION.**

The commissioner shall report by February 15, 2018, to the chairs and ranking minority members of the standing committees of the house of representatives and senate having jurisdiction over commerce regarding the process owners of abandoned property must comply with in order to file an allowed claim under Minnesota Statutes, chapter 345. The report shall include information regarding the documentation and identification necessary for owners of each type of abandoned property under Minnesota Statutes, chapter 345, to file an allowed claim.

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

Sec. 16. **REPEALER.**

Minnesota Statutes 2016, section 46.131, subdivision 5, is repealed.

## ARTICLE 9

### TELECOMMUNICATIONS

Section 1. Minnesota Statutes 2016, section 237.162, subdivision 2, is amended to read:

Subd. 2. **Local government unit.** "Local government unit" means a county, home rule charter or statutory city, ~~or town,~~ or the Metropolitan Council.

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

Sec. 2. Minnesota Statutes 2016, section 237.162, subdivision 4, is amended to read:

Subd. 4. **Telecommunications right-of-way user.** (a) "Telecommunications right-of-way user" means a person owning or controlling a facility in the public right-of-way, or seeking to own or control a facility in the public right-of-way, that is used or is intended to be used for providing wireless service, or transporting telecommunications or other voice or data information.

(b) A cable communication system defined and regulated under chapter 238, and telecommunications activities related to providing natural gas or electric energy services ~~whether provided by~~, a public utility as defined in section 216B.02, a municipality, a municipal gas or power agency organized under chapter 453 or 453A, or a cooperative electric association organized under chapter 308A, are not telecommunications right-of-way users for the purposes of this section and section 237.163, except to the extent these entities are offering wireless services.

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

Sec. 3. Minnesota Statutes 2016, section 237.162, subdivision 9, is amended to read:

Subd. 9. **Management costs or rights-of-way management costs.** (a) "Management costs" or "rights-of-way management costs" means the actual costs a local government unit incurs in managing its public rights-of-way, and includes such costs, if incurred, as those associated with registering applicants; issuing, processing, and verifying right-of-way or small wireless facility permit applications; inspecting job sites and restoration projects; maintaining, supporting, protecting, or moving user equipment during public right-of-way work; determining the adequacy of right-of-way restoration; restoring work inadequately performed after providing notice and the opportunity to correct the work; and revoking right-of-way or small wireless facility permits.

(b) Management costs do not include:

(1) payment by a telecommunications right-of-way user for the use of the public right-of-way;

(2) unreasonable fees of a third-party contractor used by a local government unit as part of managing its public rights-of-way, including but not limited to any third-party contractor fee tied to or based upon customer counts, access lines, revenue generated by the telecommunications right-of-way user, or revenue generated for a local government unit; or

(3) the fees and cost of litigation relating to the interpretation of this section or section 237.163 or any ordinance enacted under those sections, or the local unit of government's fees and costs related to appeals taken pursuant to section 237.163, subdivision 5.

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

Sec. 4. Minnesota Statutes 2016, section 237.162, is amended by adding a subdivision to read:

Subd. 10. **Collocate.** "Collocate" or "collocation" means to install, mount, maintain, modify, operate, or replace a small wireless facility on, under, within, or adjacent to an existing wireless support structure that is owned privately or by a local government unit.

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

Sec. 5. Minnesota Statutes 2016, section 237.162, is amended by adding a subdivision to read:

Subd. 11. **Small wireless facility.** "Small wireless facility" means:

(1) a wireless facility that meets both of the following qualifications:

(i) each antenna is located inside an enclosure of no more than six cubic feet in volume or, in the case of an antenna that has exposed elements, the antenna and all its exposed elements could fit within an enclosure of no more than six cubic feet; and

(ii) all other wireless equipment associated with the small wireless facility, excluding electric meters, concealment elements, telecommunications demarcation boxes, battery backup power systems, grounding equipment, power transfer switches, cutoff switches, cable, conduit, vertical cable runs for the connection of power and other services, and any equipment concealed from public view within or behind an existing structure or concealment, is in aggregate no more than 28 cubic feet in volume; or

(2) a micro wireless facility.

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

Sec. 6. Minnesota Statutes 2016, section 237.162, is amended by adding a subdivision to read:

Subd. 12. **Utility pole.** "Utility pole" means a pole that is used in whole or in part to facilitate telecommunications or electric service.

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

Sec. 7. Minnesota Statutes 2016, section 237.162, is amended by adding a subdivision to read:

Subd. 13. **Wireless facility.** (a) "Wireless facility" means equipment at a fixed location that enables the provision of wireless services between user equipment and a wireless service network, including:

(1) equipment associated with wireless service;

(2) a radio transceiver, antenna, coaxial or fiber-optic cable, regular and backup power supplies, and comparable equipment, regardless of technological configuration; and

(3) a small wireless facility.

(b) "Wireless facility" does not include:

(1) wireless support structures;

(2) wireline backhaul facilities; or

(3) coaxial or fiber-optic cables (i) between utility poles or wireless support structures, or (ii) that are not otherwise immediately adjacent to or directly associated with a specific antenna.

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



Sec. 8. Minnesota Statutes 2016, section 237.162, is amended by adding a subdivision to read:

Subd. 14. **Micro wireless facility.** "Micro wireless facility" means a small wireless facility that is no larger than 24 inches long, 15 inches wide, and 12 inches high, and whose exterior antenna, if any, is no longer than 11 inches.

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

Sec. 9. Minnesota Statutes 2016, section 237.162, is amended by adding a subdivision to read:

Subd. 15. **Wireless service.** "Wireless service" means any service using licensed or unlicensed wireless spectrum, including the use of Wi-Fi, whether at a fixed location or by means of a mobile device, that is provided using wireless facilities. Wireless service does not include services regulated under Title VI of the Communications Act of 1934, as amended, including a cable service under United States Code, title 47, section 522, clause (6).

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

Sec. 10. Minnesota Statutes 2016, section 237.162, is amended by adding a subdivision to read:

Subd. 16. **Wireless support structure.** "Wireless support structure" means a new or existing structure in a public right-of-way designed to support or capable of supporting small wireless facilities, as reasonably determined by a local government unit.

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

Sec. 11. Minnesota Statutes 2016, section 237.162, is amended by adding a subdivision to read:

Subd. 17. **Wireline backhaul facility.** "Wireline backhaul facility" means a facility used to transport communications data by wire from a wireless facility to a communications network.

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

Sec. 12. Minnesota Statutes 2016, section 237.163, subdivision 2, is amended to read:

Subd. 2. **Generally.** (a) Subject to this section, a telecommunications right-of-way user authorized to do business under the laws of this state or by license of the Federal Communications Commission may construct, maintain, and operate small wireless facilities, conduit, cable, switches, and related appurtenances and facilities along, across, upon, above, and under any public right-of-way.

(b) Subject to this section, a local government unit has the authority to manage its public rights-of-way and to recover its rights-of-way management costs. Except as provided in subdivisions 3a, 3b, and 3c, the authority defined in this section may be exercised at the option of the local government unit. ~~The exercise of this authority and~~ is not mandated under this section. A local government unit may, by ordinance:

(1) require a telecommunications right-of-way user seeking to excavate or obstruct a public right-of-way for the purpose of providing telecommunications services to obtain a right-of-way permit to do so and to impose permit conditions consistent with the local government unit's management of the right-of-way;

(2) require a telecommunications right-of-way user using, occupying, or seeking to use or occupy a public right-of-way for the purpose of providing telecommunications services to register with the local government unit by providing the local government unit with the following information:

(i) the applicant's name, gopher state one-call registration number under section 216D.03, address, and telephone and facsimile numbers;

(ii) the name, address, and telephone and facsimile numbers of the applicant's local representative;

(iii) proof of adequate insurance; and

(iv) other information deemed reasonably necessary by the local government unit for the efficient administration of the public right-of-way; and

(3) require telecommunications right-of-way users to submit to the local government unit plans for construction and major maintenance that provide reasonable notice to the local government unit of projects that the telecommunications right-of-way user expects to undertake that may require excavation and obstruction of public rights-of-way.

(c) A local government unit may also require a telecommunications right-of-way user that is registered with the local government unit pursuant to paragraph (b), clause (2), to periodically update the information in its registration application.

(d) Notwithstanding sections 394.34 and 462.355, or any other law, a local government unit must not establish a moratorium with respect to:

(1) filing, receiving, or processing applications for right-of-way or small wireless facility permits;  
or

(2) issuing or approving right-of-way or small wireless facility permits.

(e) A telecommunications right-of-way user may place a new wireless support structure or collocate small wireless facilities on wireless support structures located within a public right-of-way, subject to the approval procedures under this section and, for collocation on wireless support structures owned by a local government unit, the reasonable terms, conditions, and rates set forth under this section. A local government unit may prohibit, regulate, or charge a fee to install wireless support structures or to collocate small wireless facilities only as provided in this section.

(f) The placement of small wireless facilities and wireless support structures to accommodate small wireless facilities are a permitted use in a public right-of-way, except that a local government unit may require a person to obtain a special or conditional land use permit to install a new wireless support structure for the siting of a small wireless facility in a right-of-way in a district or area zoned for single-family residential use or within a historic district established by federal or state law or city ordinance as of the date of application for a small wireless facility permit. This paragraph does not apply to areas outside a public right-of-way that are zoned and used exclusively for single-family residential use.

**EFFECTIVE DATE.** This section is effective the day following final enactment, except that paragraph (d) is effective January 1, 2018, for a local government unit that has not enacted an ordinance regulating public rights-of-way as of May 18, 2017.

Sec. 13. Minnesota Statutes 2016, section 237.163, is amended by adding a subdivision to read:

Subd. 3a. **Small wireless facility permits; general.** (a) A local government unit:

(1) may require a telecommunications right-of-way user to obtain a permit or permits under this section to place a new wireless support structure or collocate a small wireless facility in a public right-of-way managed by the local government unit;

(2) must not require an applicant for a small wireless facility permit to provide any information that:

(i) has previously been provided to the local government unit by the applicant in an application for a small wireless permit, which specific reference shall be provided to the local government unit by the applicant; and

(ii) is not reasonably necessary to review a permit application for compliance with generally applicable and reasonable health, safety, and welfare regulations, and to demonstrate compliance with applicable Federal Communications Commission regulations governing radio frequency exposure, or other information required by this section;

(3) must ensure that any application for a small wireless facility permit is processed on a nondiscriminatory basis; and

(4) must specify that the term of a small wireless facility permit is equal to the length of time that the small wireless facility is in use, unless the permit is revoked under this section.

(b) An applicant may file a consolidated permit application to collocate up to 15 small wireless facilities, or a greater number if agreed to by a local government unit, provided that all the small wireless facilities in the application:

(1) are located within a two-mile radius;

(2) consist of substantially similar equipment; and

(3) are to be placed on similar types of wireless support structures.

In rendering a decision on a consolidated permit application, a local government unit may approve a permit for some small wireless facilities and deny a permit for others, but may not use denial of one or more permits as a basis to deny all the small wireless facilities in the application.

(c) If a local government unit receives applications within a single seven-day period from one or more applicants seeking approval of permits for more than 30 small wireless facilities, the local government unit may extend the 90-day deadline imposed in subdivision 3c by an additional 30 days. If a local government unit elects to invoke this extension, it must inform in writing any applicant to whom the extension will be applied.

(d) A local government unit is prohibited from requiring a person to pay a small wireless facility permit fee, obtain a small wireless facility permit, or enter into a small wireless facility collocation agreement solely in order to conduct any of the following activities:

(1) routine maintenance of a small wireless facility;

(2) replacement of a small wireless facility with a new facility that is substantially similar or smaller in size, weight, height, and wind or structural loading than the small wireless facility being replaced; or

(3) installation, placement, maintenance, operation, or replacement of micro wireless facilities that are suspended on cables strung between existing utility poles in compliance with national safety codes.

A local government unit may require advance notification of these activities if the work will obstruct a public right-of-way.

(e) Nothing in this subdivision affects the need for an entity seeking to place a small wireless facility on a wireless support structure that is not owned by a local government unit to obtain from the owner of the wireless support structure any necessary authority to place the small wireless facility, nor shall any provision of this chapter be deemed to affect the rates, terms, and conditions for access to or placement of a small wireless facility or a wireless support structure not owned by a local government unit. This subdivision does not affect any existing agreement between a local government unit and an entity concerning the placement of small wireless facilities on local government unit-owned wireless support structures.

(f) No later than six months after the effective date of this act or three months after receiving a small wireless facility permit application from a wireless service provider, a local government unit that has elected to set forth terms and conditions of collocation in a standard small wireless facility collocation agreement shall develop and make available an agreement that complies with the requirements of this section and section 237.162. A standard small wireless facility collocation agreement shall be substantially complete. Notwithstanding any law to the contrary, the parties to a small wireless facility collocation agreement may incorporate additional terms and conditions mutually agreed upon into a small wireless facility collocation agreement. A small wireless facility collocation agreement between a local government unit and a wireless service provider is considered public data not on individuals and is accessible to the public under section 13.03.

(g) An approval of a small wireless facility permit under this section authorizes the installation, placement, maintenance, or operation of a small wireless facility to provide wireless service and shall not be construed to confer authorization to (1) provide any service other than a wireless service, or (2) install, place, maintain, or operate a wireline backhaul facility in the right-of-way.

(h) The terms and conditions of collocation under this subdivision:

(1) may be set forth in a small wireless facility collocation agreement, if a local government unit elects to utilize such an agreement;

(2) must be nondiscriminatory, competitively neutral, and commercially reasonable; and

(3) must comply with this section and section 237.162.

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

Sec. 14. Minnesota Statutes 2016, section 237.163, is amended by adding a subdivision to read:

**Subd. 3b. Small wireless facility permits; placement.** (a) A local government unit may not require the placement of small wireless facilities on any specific wireless support structure other than the wireless support structure proposed in the permit application.

(b) A local government unit must not limit the placement of small wireless facilities, either by minimum separation distances between small wireless facilities or maximum height limitations, except that each wireless support structure installed in the right-of-way after the effective date of

this act shall not exceed 50 feet above ground level, unless the local government unit agrees to a greater height, subject to local zoning regulations, and may be subject to separation requirements in relation to other wireless support structures.

(c) Notwithstanding paragraph (b), a wireless support structure that replaces an existing wireless support structure that is higher than 50 feet above ground level may be placed at the height of the existing wireless support structure, unless the local government unit agrees to a greater height, subject to local zoning regulations.

(d) Wireless facilities constructed in the right-of-way after the effective date of this act may not extend more than ten feet above an existing wireless support structure in place as of the effective date of this act.

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

Sec. 15. Minnesota Statutes 2016, section 237.163, is amended by adding a subdivision to read:

Subd. 3c. **Small wireless facility permits; approval.** (a) Except as provided in subdivision 4, a local government unit shall issue a small wireless facility permit to a telecommunications right-of-way user seeking to install a new or replacement wireless support structure for a small wireless facility, or to collocate a small wireless facility on a wireless support structure in a public right-of-way. In processing and approving a small wireless facility permit, a local government unit may condition its approval on compliance with:

(1) generally applicable and reasonable health, safety, and welfare regulations consistent with the local government unit's public right-of-way management;

(2) reasonable accommodations for decorative wireless support structures or signs; and

(3) any reasonable restocking, replacement, or relocation requirements when a new wireless support structure is placed in a public right-of-way.

(b) A local government unit has 90 days after the date a small wireless facility permit application is filed to issue or deny the permit, or the permit is automatically issued. To toll the 90-day clock, the local government unit must provide a written notice of incompleteness to the applicant within 30 days of receipt of the application, clearly and specifically delineating all missing documents or information. Information delineated in the notice is limited to documents or information publicly required as of the date of application and reasonably related to a local government unit's determination whether the proposed equipment falls within the definition of a small wireless facility and whether the proposed deployment satisfies all health, safety, and welfare regulations applicable to the small wireless facility permit request. Upon an applicant's submittal of additional documents or information in response to a notice of incompleteness, the local government unit has ten days to notify the applicant in writing of any information requested in the initial notice of incompleteness that is still missing. Second or subsequent notices of incompleteness may not specify documents or information that were not delineated in the original notice of incompleteness. Requests for information not requested in the initial notice of incompleteness do not toll the 90-day clock. Parties can mutually agree in writing to toll the 90-day clock at any time. Section 15.99 does not apply to this paragraph or paragraph (c).

For the purposes of this subdivision, "toll the 90-day clock" means to halt the progression of days that count towards the 90-day deadline.

(c) Except as provided in subdivision 3a, paragraph (c), a small wireless facility permit and any associated encroachment or building permit required by a local government unit, are deemed approved if the local government unit fails to approve or deny the application within 90 days after the permit application has been filed, unless the applicant and the local government unit have mutually agreed in writing to extend the 90-day deadline.

(d) Nothing in this subdivision precludes a local government unit from applying generally applicable and reasonable health, safety, and welfare regulations when evaluating and deciding to approve or deny a small wireless facility permit.

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

Sec. 16. Minnesota Statutes 2016, section 237.163, subdivision 4, is amended to read:

Subd. 4. **Permit denial or revocation.** (a) A local government unit may deny any application for a right-of-way or small wireless facility permit if the telecommunications right-of-way user does not comply with a provision of this section.

(b) A local government unit may deny an application for a right-of-way permit if the local government unit determines that the denial is necessary to protect the health, safety, and welfare or when necessary to protect the public right-of-way and its current use.

(c) A local government unit may revoke a right-of-way or small wireless facility permit granted to a telecommunications right-of-way user, with or without fee refund, in the event of a substantial breach of the terms and conditions of statute, ordinance, rule, or regulation or any material condition of the permit. A substantial breach by a permittee includes, but is not limited to, the following:

(1) a material violation of a provision of the right-of-way or small wireless facility permit;

(2) an evasion or attempt to evade any material provision of the right-of-way or small wireless facility permit, or the perpetration or attempt to perpetrate any fraud or deceit upon the local government unit or its citizens;

(3) a material misrepresentation of fact in the right-of-way or small wireless facility permit application;

(4) a failure to complete work in a timely manner, unless a permit extension is obtained or unless the failure to complete work is due to reasons beyond the permittee's control; and

(5) a failure to correct, in a timely manner, work that does not conform to applicable standards, conditions, or codes, upon inspection and notification by the local government unit of the faulty condition.

(d) Subject to this subdivision, a local government unit may not deny an application for a right-of-way or small wireless facility permit for failure to include a project in a plan submitted to the local government unit under subdivision 2, paragraph (b), clause (3), when the telecommunications right-of-way user has used commercially reasonable efforts to anticipate and plan for the project.

(e) In no event may a local government unit unreasonably withhold approval of an application for a right-of-way or small wireless facility permit, or unreasonably revoke a permit.

(f) Any denial or revocation of a right-of-way or small wireless facility permit must be made in writing and must document the basis for the denial. The local government unit must notify the telecommunications right-of-way user in writing within three business days of the decision to deny or revoke a permit. If a permit application is denied, the telecommunications right-of-way user may cure the deficiencies identified by the local government unit and resubmit its application. If the telecommunications right-of-way user resubmits the application within 30 days of receiving written notice of the denial, it may not be charged an additional filing or processing fee. The local government unit must approve or deny the revised application within 30 days after the revised application is submitted.

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

Sec. 17. Minnesota Statutes 2016, section 237.163, subdivision 6, is amended to read:

Subd. 6. **Fees.** (a) A local government unit may recover its right-of-way management costs by imposing a fee for registration, a fee for each right-of-way or small wireless facility permit, or, when appropriate, a fee applicable to a particular telecommunications right-of-way user when that user causes the local government unit to incur costs as a result of actions or inactions of that user. A local government unit may not recover costs from a telecommunications right-of-way user or an owner of a cable communications system awarded a franchise under chapter 238 caused by another entity's activity in the right-of-way.

(b) Fees, or other right-of-way obligations, imposed by a local government unit on telecommunications right-of-way users under this section must be:

(1) based on the actual costs incurred by the local government unit in managing the public right-of-way;

(2) based on an allocation among all users of the public right-of-way, including the local government unit itself, which shall reflect the proportionate costs imposed on the local government unit by each of the various types of uses of the public rights-of-way;

(3) imposed on a competitively neutral basis; and

(4) imposed in a manner so that aboveground uses of public rights-of-way do not bear costs incurred by the local government unit to regulate underground uses of public rights-of-way.

(c) The rights, duties, and obligations regarding the use of the public right-of-way imposed under this section must be applied to all users of the public right-of-way, including the local government unit while recognizing regulation must reflect the distinct engineering, construction, operation, maintenance and public and worker safety requirements, and standards applicable to various users of the public rights-of-way. For users subject to the franchising authority of a local government unit, to the extent those rights, duties, and obligations are addressed in the terms of an applicable franchise agreement, the terms of the franchise shall prevail over any conflicting provision in an ordinance.

(d) A wireless service provider may collocate small wireless facilities on wireless support structures owned or controlled by a local government unit and located within the public roads or rights-of-way without being required to apply for or enter into any individual license, franchise, or other agreement with the local government unit or any other entity, other than a standard small

wireless facility collocation agreement under subdivision 3a, paragraph (f), if the local unit of government elects to utilize such an agreement.

(e) Any initial engineering survey and preparatory construction work associated with collocation must be paid by the cost causer in the form of a onetime, nonrecurring, commercially reasonable, nondiscriminatory, and competitively neutral charge to recover the costs associated with a proposed attachment.

(f) Total application fees for a small wireless facility permit must comply with this subdivision with respect to costs related to the permit.

(g) A local government unit may elect to charge each small wireless facility attached to a wireless support structure owned by the local government unit a fee, in addition to other fees or charges allowed under this subdivision, consisting of:

(1) up to \$150 per year for rent to occupy space on a wireless support structure;

(2) up to \$25 per year for maintenance associated with the space occupied on a wireless support structure; and

(3) a monthly fee for electricity used to operate a small wireless facility, if not purchased directly from a utility, at the rate of:

(i) \$73 per radio node less than or equal to 100 max watts;

(ii) \$182 per radio node over 100 max watts; or

(iii) the actual costs of electricity, if the actual costs exceed the amount in item (i) or (ii).

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

Sec. 18. Minnesota Statutes 2016, section 237.163, subdivision 7, is amended to read:

Subd. 7. **Additional right-of-way provisions.** (a) In managing the public rights-of-way and in imposing fees under this section, no local government unit may:

(1) unlawfully discriminate among telecommunications right-of-way users;

(2) grant a preference to any telecommunications right-of-way user;

(3) create or erect any unreasonable requirement for entry to the public rights-of-way by telecommunications right-of-way users; or

(4) require a telecommunications right-of-way user to obtain a franchise or pay for the use of the right-of-way.

(b) A telecommunications right-of-way user need not apply for or obtain right-of-way permits for facilities that are located in public rights-of-way on May 10, 1997, for which the user has obtained the required consent of the local government unit, or that are otherwise lawfully occupying the public right-of-way. However, the telecommunications right-of-way user may be required to register and to obtain a right-of-way permit for an excavation or obstruction of existing facilities within the public right-of-way after May 10, 1997.



(c) Data and documents exchanged between a local government unit and a telecommunications right-of-way user are subject to the terms of chapter 13. A local government unit not complying with this paragraph is subject to the penalties set forth in section 13.08.

(d) A local government unit may not collect a fee imposed under this section through the provision of in-kind services by a telecommunications right-of-way user, nor may a local government unit require the provision of in-kind services as a condition of consent to use the local government unit's public right-of-way or to obtain a small wireless facility permit.

(e) Except as provided in this chapter or required by federal law, a local government unit shall not adopt or enforce any regulation on the placement or operation of communications facilities in the right-of-way where the entity is already authorized to operate in the right-of-way, and shall not regulate or impose or collect fees on communications services except to the extent specifically provided for in the existing authorization, and unless expressly required by state or federal statute.

Sec. 19. Minnesota Statutes 2016, section 237.163, is amended by adding a subdivision to read:

**Subd. 9. Authorized contractors.** (a) Nothing in this section precludes a telecommunications right-of-way user from authorizing another entity or individual to act on its behalf to install, construct, maintain, or repair a facility or facilities owned or controlled by the telecommunications right-of-way user.

(b) A local government unit is prohibited from imposing fees or requirements on an authorized entity or individual for actions on behalf of a telecommunications right-of-way user that are in addition to or different from the fees and requirements it is authorized to impose on the telecommunications right-of-way user under this section.

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

Sec. 20. Minnesota Statutes 2016, section 237.163, is amended by adding a subdivision to read:

**Subd. 10. Exemptions.** (a) Notwithstanding any other provision in this chapter, this section does not apply to a wireless support structure owned, operated, maintained, or served by a municipal electric utility.

(b) Subdivisions 3a, 3b, 3c, and subdivision 6, paragraphs (d) through (g), and subdivision 7, paragraph (e), do not apply to the collocation or regulation of small wireless facilities issued a permit by a local government unit before the effective date of this act under an ordinance enacted before May 18, 2017, that regulates the collocation of small wireless facilities.

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

## ARTICLE 10

### ENERGY POLICY

Section 1. Minnesota Statutes 2016, section 3.8851, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** (a) There is established a Legislative Energy Commission to study and to make recommendations for legislation concerning issues related to its duties under subdivision 3.

(b) The commission consists of:

(1) ~~ten~~ nine members of the house of representatives, five of whom are appointed by the speaker of the house; and four of whom must be from ~~are appointed by the leader of the minority caucus; and including the chair of the committee with primary jurisdiction over energy policy; the chair or another member of each of the committees with primary jurisdiction over environmental policy, agricultural policy, and transportation policy; and~~

(2) ~~ten~~ nine members of the senate ~~to be~~, five of whom are appointed by the Subcommittee on Committees; leader of the majority caucus and four of whom must be from ~~are appointed by the leader of the minority caucus; and including the chair of the committee with primary jurisdiction over energy policy; and the chair or another member of each of the committees with primary jurisdiction over environmental policy, agricultural policy, and transportation policy.~~

(c) The commission may employ full-time and part-time staff, contract for consulting services, and may reimburse the expenses of persons requested to assist it in its duties. The director of the Legislative Coordinating Commission shall assist the commission in administrative matters. The commission shall elect cochairs, one member of the house of representatives and one member of the senate from among the committee and subcommittee chairs named to the commission. The commission members from the house of representatives shall elect the house of representatives cochair, and the commission members from the senate shall elect the senate cochair.

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

Sec. 2. Minnesota Statutes 2016, section 16B.323, is amended to read:

**16B.323 SOLAR ENERGY IN STATE BUILDINGS.**

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

~~(b) "Made in Minnesota" means the manufacture in this state of:~~

~~(1) components of a solar thermal system certified by the Solar Rating and Certification Corporation; or~~

~~(2) solar photovoltaic modules that:~~

~~(i) are manufactured at a manufacturing facility in Minnesota that is registered and authorized to manufacture those solar photovoltaic modules by Underwriters Laboratory, CSA International, Intertek, or an equivalent independent testing agency;~~

~~(ii) bear certification marks from Underwriters Laboratory, CSA International, Intertek, or an equivalent independent testing agency; and~~

~~(iii) meet the requirements of section 116C.7791, subdivision 3, paragraph (a), clauses (1), (5), and (6).~~

~~For the purposes of clause (2), "manufactured" has the meaning given in section 116C.7791, subdivision 1, paragraph (b), clauses (1) and (2).~~

~~(e)~~ (b) "Major renovation" means a substantial addition to an existing building, or a substantial change to the interior configuration or the energy system of an existing building.

~~(d)~~ (c) "Solar energy system" means solar photovoltaic ~~modules~~ devices alone or installed in conjunction with a solar thermal system.

~~(e)~~ "Solar Photovoltaic module" (d) "Photovoltaic device" has the meaning given in section 116C.7791, subdivision 1, paragraph (e) 216C.06, subdivision 16.

~~(f)~~ (e) "Solar thermal system" has the meaning given "qualifying solar thermal project" in section 216B.2411, subdivision 2, paragraph (e).

~~(g)~~ (f) "State building" means a building whose construction or renovation is paid wholly or in part by the state from the bond proceeds fund.

Subd. 2. **Solar energy system.** (a) As provided in paragraphs (b) and (c), a project for the construction or major renovation of a state building, after the completion of a cost-benefit analysis, may include installation of ~~"Made in Minnesota"~~ solar energy systems of ~~40~~ up to 300 kilowatts capacity on, adjacent, or in proximity to the state building.

(b) The capacity of a solar energy system must be less than ~~40~~ 300 kilowatts to the extent necessary to match the electrical load of the building, ~~or to the extent the capacity must be no more than necessary to keep the costs for the installation below the five percent maximum set by paragraph (c).~~

(c) The cost of the solar energy system must not exceed five percent of the appropriations from the bond proceeds fund for the construction or renovation of the state building. Purchase and installation of a solar thermal system may account for no more than 25 percent of the cost of a solar energy system installation.

(d) A project subject to this section is ineligible to receive a rebate for the installation of a solar energy system under section 116C.7791 or from any utility.

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

Sec. 3. Minnesota Statutes 2016, section 116C.779, subdivision 1, is amended to read:

Subdivision 1. **Renewable development account.** (a) The renewable development account is established as a separate account in the special revenue fund in the state treasury. Appropriations and transfers to the account shall be credited to the account. Earnings, such as interest, dividends, and any other earnings arising from assets of the account, shall be credited to the account. Funds remaining in the account at the end of a fiscal year are not canceled to the general fund but remain in the account until expended. The account shall be administered by the commissioner of management and budget as provided under this section.

(b) On July 1, 2017, the public utility that owns the Prairie Island nuclear generating plant must transfer all funds in the renewable development account previously established under this subdivision and managed by the public utility to the renewable development account established in paragraph (a). Funds awarded to grantees in previous grant cycles that have not yet been expended and unencumbered funds required to be paid in calendar year 2017 under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, are not subject to transfer under this paragraph.

(c) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing each January 15 thereafter, the public utility that owns the Prairie Island nuclear generating plant must transfer to a renewable development the renewable development account \$500,000 each year for

each dry cask containing spent fuel that is located at the Prairie Island power plant for each year the plant is in operation, and \$7,500,000 each year the plant is not in operation if ordered by the commission pursuant to paragraph ~~(e)~~ (i). The fund transfer must be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Prairie Island for any part of a year.

~~(b)~~ (d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing each January 15 thereafter, the public utility that owns the Monticello nuclear generating plant must transfer to the renewable development account \$350,000 each year for each dry cask containing spent fuel that is located at the Monticello nuclear power plant for each year the plant is in operation, and \$5,250,000 each year the plant is not in operation if ordered by the commission pursuant to paragraph ~~(e)~~ (i). The fund transfer must be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for any part of a year.

(e) Each year, the public utility shall withhold from the funds transferred to the renewable development account under paragraphs (c) and (d) the amount necessary to pay its obligations under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, for that calendar year.

(f) If the commission approves a new or amended power purchase agreement, the termination of a power purchase agreement, or the purchase and closure of a facility under section 216B.2424, subdivision 9, with an entity that uses poultry litter to generate electricity, the public utility subject to this section shall enter into a contract with the city in which the poultry litter plant is located to provide grants to the city for the purposes of economic development on the following schedule: \$4,000,000 in fiscal year 2018; \$6,500,000 each fiscal year in 2019 and 2020; and \$3,000,000 in fiscal year 2021. The grants shall be paid by the public utility from funds withheld from the transfer to the renewable development account, as provided in paragraphs (b) and (e).

(g) If the commission approves a new or amended power purchase agreement, or the termination of a power purchase agreement under section 216B.2424, subdivision 9, with an entity owned or controlled, directly or indirectly, by two municipal utilities located north of Constitutional Route No. 8, that was previously used to meet the biomass mandate in section 216B.2424, the public utility that owns a nuclear generating plant shall enter into a grant contract with such entity to provide \$6,800,000 per year for five years, commencing 30 days after the commission approves the new or amended power purchase agreement, or the termination of the power purchase agreement, and on each June 1 thereafter through 2021, to assist the transition required by the new, amended, or terminated power purchase agreement. The grant shall be paid by the public utility from funds withheld from the transfer to the renewable development account as provided in paragraphs (b) and (e).

(h) The collective amount paid under the grant contracts awarded under paragraphs (f) and (g) is limited to the amount deposited into the renewable development account, and its predecessor, the renewable development account, established under this section, that was not required to be deposited into the account under Laws 1994, chapter 641, article 1, section 10.

~~(e)~~ (i) After discontinuation of operation of the Prairie Island nuclear plant or the Monticello nuclear plant and each year spent nuclear fuel is stored in dry cask at the discontinued facility, the commission shall require the public utility to pay \$7,500,000 for the discontinued Prairie Island facility and \$5,250,000 for the discontinued Monticello facility for any year in which the commission finds, by the preponderance of the evidence, that the public utility did not make a good faith effort to remove the spent nuclear fuel stored at the facility to a permanent or interim storage site out of the state. This determination shall be made at least every two years.

~~(d)~~ (j) Funds in the account may be expended only for any of the following purposes:

~~(1) to increase the market penetration within the state of renewable electric energy resources at reasonable costs;~~

~~(2) to promote the start-up, expansion, and attraction of renewable electric energy projects and companies within the state;~~

~~(3) to stimulate research and development within the state into~~ of renewable electric energy technologies; ~~and~~

~~(4) to develop near-commercial and demonstration-scale renewable electric projects or near-commercial and demonstration-scale electric infrastructure delivery projects if those delivery projects enhance the delivery of renewable electric energy~~

(2) to encourage grid modernization, including, but not limited to, projects that implement electricity storage, load control, and smart meter technology; and

(3) to stimulate other innovative energy projects that reduce demand and increase system efficiency and flexibility.

Expenditures from the fund must benefit Minnesota ratepayers receiving electric service from the utility that owns a nuclear-powered electric generating plant in this state or the Prairie Island Indian community or its members.

The utility that owns a nuclear generating plant is eligible to apply for ~~renewable development account grants~~ under this subdivision.

(k) For the purposes of paragraph (j), the following terms have the meanings given:

(1) "renewable" has the meaning given in section 216B.2422, subdivision 1, paragraph (c), clauses (1), (2), (4), and (5); and

(2) "grid modernization" means:

(i) enhancing the reliability of the electrical grid;

(ii) improving the security of the electrical grid against cyberthreats and physical threats; and

(iii) 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.

~~(e) Expenditures authorized by this subdivision from the account may be made only after approval by order of the Public Utilities Commission upon a petition by the public utility. The commission may approve proposed expenditures, may disapprove proposed expenditures that it finds to be not in compliance with this subdivision or otherwise not in the public interest, and may, if agreed to by the public utility, modify proposed expenditures. The commission may approve reasonable and necessary expenditures for administering the account in an amount not to exceed five percent of expenditures. Commission approval is not required for expenditures required under subdivisions 2 and 3, section 116C.7791, or other law.~~

~~(f) The account shall be managed by the public utility but the public utility must consult about account expenditures with an~~ (l) A renewable development account advisory group that includes, among others, representatives of the public utility and its ratepayers, and includes at least one

representative of the Prairie Island Indian community appointed by that community's tribal council, shall develop recommendations on account expenditures. The commission may require that other interests be represented on the advisory group. The advisory group must be consulted with respect to the general scope of expenditures in designing design a request for proposal and in evaluating evaluate projects submitted in response to a request for proposals. In addition to consulting with The advisory group, the public utility must utilize an independent third-party expert to evaluate proposals submitted in response to a request for proposal, including all proposals made by the public utility. A request for proposal for research and development under paragraph ~~(d)~~ (j), clause ~~(3)~~ (1), may be limited to or include a request to higher education institutions located in Minnesota for multiple projects authorized under paragraph ~~(d)~~ (j), clause ~~(3)~~ (1). The request for multiple projects may include a provision that exempts the projects from the third-party expert review and instead provides for project evaluation and selection by a merit peer review grant system. The utility should attempt to reach agreement with the advisory group after consulting with it but the utility has full and sole authority to determine which expenditures shall be submitted to the commission for commission approval. In the process of determining request for proposal scope and subject and in evaluating responses to request for proposals, the public utility advisory group must strongly consider, where reasonable, potential benefit to Minnesota citizens and businesses and the utility's ratepayers.

(m) The advisory group shall submit funding recommendations to the public utility, which has full and sole authority to determine which expenditures shall be submitted by the advisory group to the legislature. The commission may approve proposed expenditures, may disapprove proposed expenditures that it finds not to be in compliance with this subdivision or otherwise not in the public interest, and may, if agreed to by the public utility, modify proposed expenditures. The commission shall, by order, submit its funding recommendations to the legislature as provided under paragraph (n).

~~(g) Funds in (n)~~ The commission shall present its recommended appropriations from the account to the senate and house of representatives committees with jurisdiction over energy policy and finance annually by February 15. Expenditures from the account ~~may not~~ must be ~~directly~~ appropriated by the legislature by a law enacted after January 1, 2012, and unless appropriated by a law enacted prior to that date may be expended only pursuant to an order of the commission according to this subdivision. In enacting appropriations from the account, the legislature:

(1) may approve or disapprove, but may not modify, the amount of an appropriation for a project recommended by the commission; and

(2) may not appropriate money for a project the commission has not recommended funding.

~~(h)~~ (n) A request for proposal for renewable energy generation projects must, when feasible and reasonable, give preference to projects that are most cost-effective for a particular energy source.

~~(i)~~ (o) The public utility advisory group must annually, by February 15, report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy policy on projects funded by the account for the prior year and all previous years. The report must, to the extent possible and reasonable, itemize the actual and projected financial benefit to the public utility's ratepayers of each project.

(p) By February 1, 2018, and each February 1 thereafter, the commissioner of management and budget shall submit a written report regarding the availability of funds in and obligations of the

account to the chairs and ranking minority members of the senate and house committees with jurisdiction over energy policy and finance, the public utility, and the advisory group.

~~(j)~~ (q) A project receiving funds from the account must produce a written final report that includes sufficient detail for technical readers and a clearly written summary for nontechnical readers. The report must include an evaluation of the project's financial, environmental, and other benefits to the state and the public utility's ratepayers.

~~(k)~~ (r) Final reports, any mid-project status reports, and renewable development account financial reports must be posted online on a public Web site designated by the ~~commission~~ commissioner of commerce.

~~(l)~~ (s) All final reports must acknowledge that the project was made possible in whole or part by the Minnesota renewable development ~~fund~~ account, noting that the ~~fund~~ account is financed by the public utility's ratepayers.

(t) Of the amount in the renewable development account, priority must be given to making the payments required under section 216C.417.

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

Sec. 4. Minnesota Statutes 2016, section 116C.7792, is amended to read:

**116C.7792 SOLAR ENERGY INCENTIVE PROGRAM.**

The utility subject to section 116C.779 shall operate a program to provide solar energy production incentives for solar energy systems of no more than a total nameplate capacity of 20 kilowatts direct current. The program shall be operated for ~~five~~ eight consecutive calendar years commencing in 2014. \$5,000,000 shall be allocated ~~for~~ in each of the ~~five~~ first four years, \$15,000,000 in the fifth year, \$10,000,000 in each of the sixth and seventh years, and \$5,000,000 in the eighth year from ~~funds withheld from transfer to the renewable development account established in section 116C.779 to a separate~~ under section 116C.779, subdivision 1, paragraphs (b) and (e), and placed in a separate account for the purpose of the solar production incentive program. The solar system must be sized to less than 120 percent of the customer's on-site annual energy consumption. The production incentive must be paid for ten years commencing with the commissioning of the system. The utility must file a plan to operate the program with the commissioner of commerce. The utility may not operate the program until it is approved by the commissioner.

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

Sec. 5. Minnesota Statutes 2016, section 216B.164, subdivision 2, is amended to read:

Subd. 2. **Applicability; rights maintained.** (a) This section as well as any rules promulgated by the commission to implement this section or the Public Utility Regulatory Policies Act of 1978, Public Law 95-617, Statutes at Large, volume 92, page 3117, as amended, and the Federal Energy Regulatory Commission regulations thereunder, Code of Federal Regulations, title 18, part 292, as amended, shall, unless otherwise provided in this section, apply to all Minnesota electric utilities, including cooperative electric associations and municipal electric utilities.

(b) Nothing in this section shall be construed to alter the rights and duties of any person pursuant to the Public Utility Regulatory Policies Act of 1978, Public Law 95-617, Statutes at Large, volume

92, page 3117, as amended, and the Federal Energy Regulatory Commission regulations thereunder, Code of Federal Regulations, title 18, part 292, as amended.

Sec. 6. Minnesota Statutes 2016, section 216B.164, subdivision 5, is amended to read:

Subd. 5. **Dispute; resolution.** (a) In the event of disputes between ~~an electric~~ a public utility and a qualifying facility, either party may request a determination of the issue by the commission. In any such determination, the burden of proof shall be on the public utility. The commission in its order resolving each such dispute shall require payments to the prevailing party of the prevailing party's costs, disbursements, and reasonable attorneys' fees, except that the qualifying facility will be required to pay the costs, disbursements, and attorneys' fees of the public utility only if the commission finds that the claims of the qualifying facility in the dispute have been made in bad faith, or are a sham, or are frivolous.

(b) Notwithstanding subdivisions 9 and 11, a qualifying facility over 20 megawatts may, until December 31, 2022, request that the commission resolve a dispute with any utility, including a cooperative electric association or municipal utility, under paragraph (a).

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

Sec. 7. Minnesota Statutes 2016, section 216B.164, subdivision 9, is amended to read:

Subd. 9. **Municipal electric utility.** For purposes of this section only, ~~except subdivision 5,~~ and with respect to municipal electric utilities only, the term "commission" means the governing body of each municipal electric utility that adopts and has in effect rules implementing this section which are consistent with the rules adopted by the Minnesota Public Utilities Commission under subdivision 6. As used in this subdivision, the governing body of a municipal electric utility means the city council of that municipality; except that, if another board, commission, or body is empowered by law or resolution of the city council or by its charter to establish and regulate rates and days for the distribution of electric energy within the service area of the city, that board, commission, or body shall be considered the governing body of the municipal electric utility.

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

Sec. 8. Minnesota Statutes 2016, section 216B.164, is amended by adding a subdivision to read:

Subd. 11. **Cooperative electric association.** (a) For purposes of this section only, the term "commission" means the board of directors of a cooperative association that (1) elects, by resolution, to assume the authority delegated to the Public Utilities Commission over cooperative electric associations under this section, and (2) adopts and has in effect rules implementing this section. The rules must provide for a process to resolve disputes that arise under this section, and must include a provision that a request by either party for mediation of the dispute by an independent third party must be implemented in accordance with paragraph (b). A cooperative electric association that has adopted a resolution and rules under this subdivision is exempt from regulation by the Public Utilities Commission under this section.

(b) In the event of a dispute between a cooperative electric association and one or more of its members, either party may request mediation of the dispute only after all attempts to settle the dispute under the cooperative electric association's dispute resolution process have been exhausted. The parties must mutually agree upon the selection of a mediator, who must be listed on the roster



of neutrals for civil matters established by the state court administrator under Rule 114.12 of Minnesota's General Rules of Practice for the District Courts. The cooperative electric association shall pay 90 percent of the cost of mediation, and the member or members who initiated the dispute shall pay ten percent of the cost of mediation.

(c) Except as provided in paragraph (d), any proceedings concerning the activities of a cooperative electric association under this section that are pending at the Public Utilities Commission on the effective date of this section are terminated on that date.

(d) The Public Utilities Commission may complete its investigation in Docket No. 16-512 to assess whether the methodology used by cooperative associations to establish a fee under section 216B.164, subdivision 3, paragraph (a), complies with state law if the commission determines that completing the investigation is necessary to protect the public interest, in which case it shall complete the investigation no later than December 31, 2017. A methodology that the commission determines complies with state law may not be challenged in a dispute under this section. If the commission determines that a methodology does not comply with state law, it shall clearly state the changes necessary to bring the methodology into compliance, and a cooperative electric association shall modify its methodology in accordance with the commission's directives.

(e) For a cooperative electric association that elects to operate under the provisions of paragraph (a), disputes arising under this section subsequent to a cooperative electric association's modification of its methodology under paragraph (d) shall be addressed under the cooperative association's rules and paragraph (b), as applicable.

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

Sec. 9. Minnesota Statutes 2016, section 216B.1691, subdivision 2f, is amended to read:

Subd. 2f. **Solar energy standard.** (a) In addition to the requirements of subdivisions 2a and 2b, each public utility shall generate or procure sufficient electricity generated by solar energy to serve its retail electricity customers in Minnesota so that by the end of 2020, at least 1.5 percent of the utility's total retail electric sales to retail customers in Minnesota is generated by solar energy.

(b) For a public utility with more than 200,000 retail electric customers, at least ten percent of the 1.5 percent goal must be met by solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of 20 kilowatts or less.

(c) A public utility with between 50,000 and 200,000 retail electric customers:

(1) must meet at least ten percent of the 1.5 percent goal with solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of 40 kilowatts or less; and

(2) may apply toward the ten percent goal in clause (1) individual customer subscriptions of 40 kilowatts or less to a community solar garden program operated by the public utility that has been approved by the commission.

~~(b)~~ (d) The solar energy standard established in this subdivision is subject to all the provisions of this section governing a utility's standard obligation under subdivision 2a.

~~(c)~~ (e) It is an energy goal of the state of Minnesota that, by 2030, ten percent of the retail electric sales in Minnesota be generated by solar energy.

~~(d)~~ (f) For the purposes of calculating the total retail electric sales of a public utility under this subdivision, there shall be excluded retail electric sales to customers that are:

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

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

Those customers may not have included in the rates charged to them by the public utility any costs of satisfying the solar standard specified by this subdivision.

~~(e)~~ (g) A public utility may not use energy used to satisfy the solar energy standard under this subdivision to satisfy its standard obligation under subdivision 2a. A public utility may not use energy used to satisfy the standard obligation under subdivision 2a to satisfy the solar standard under this subdivision.

~~(f)~~ (h) Notwithstanding any law to the contrary, a solar renewable energy credit associated with a solar photovoltaic device installed and generating electricity in Minnesota after August 1, 2013, but before 2020 may be used to meet the solar energy standard established under this subdivision.

~~(g)~~ (i) Beginning July 1, 2014, and each July 1 through 2020, each public utility shall file a report with the commission reporting its progress in achieving the solar energy standard established under this subdivision.

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

Sec. 10. Minnesota Statutes 2016, section 216B.1694, subdivision 3, is amended to read:

Subd. 3. **Staging and permitting.** (a) A natural gas-fired plant that is located on one site designated as an innovative energy project site under subdivision 1, clause (3), is accorded the regulatory incentives granted to an innovative energy project under subdivision 2, clauses (1) to (3), and may exercise the authorities therein.

(b) Following issuance of a final state or federal environmental impact statement for an innovative energy project that was a subject of contested case proceedings before an administrative law judge:

(1) site and route permits and water appropriation approvals for an innovative energy project must also be deemed valid for a plant meeting the requirements of paragraph (a) and shall remain valid until the ~~earlier~~ later of (i) four years from the date the final required state or federal preconstruction permit is issued or (ii) June 30, ~~2019~~ 2025; and

(2) no air, water, or other permit issued by a state agency that is necessary for constructing an innovative energy project may be the subject of contested case hearings, notwithstanding Minnesota Rules, parts 7000.1750 to 7000.2200.

Sec. 11. Minnesota Statutes 2016, section 216B.241, subdivision 1b, is amended to read:

Subd. 1b. **Conservation improvement by cooperative association or municipality.** (a) This subdivision applies to:

(1) a cooperative electric association that provides retail service to ~~its~~ more than 5,000 members;

(2) a municipality that provides electric service to more than 1,000 retail customers; and

(3) a municipality with more than 1,000,000,000 cubic feet in annual throughput sales to natural gas to retail customers.

(b) Each cooperative electric association and municipality subject to this subdivision shall spend and invest for energy conservation improvements under this subdivision the following amounts:

(1) for a municipality, 0.5 percent of its gross operating revenues from the sale of gas and 1.5 percent of its gross operating revenues from the sale of electricity, excluding gross operating revenues from electric and gas service provided in the state to large electric customer facilities; and

(2) for a cooperative electric association, 1.5 percent of its gross operating revenues from service provided in the state, excluding gross operating revenues from service provided in the state to large electric customer facilities indirectly through a distribution cooperative electric association.

(c) Each municipality and cooperative electric association subject to this subdivision shall identify and implement energy conservation improvement spending and investments that are appropriate for the municipality or association, except that a municipality or association may not spend or invest for energy conservation improvements that directly benefit a large energy facility or a large electric customer facility for which the commissioner has issued an exemption under subdivision 1a, paragraph (b).

(d) Each municipality and cooperative electric association subject to this subdivision may spend and invest annually up to ten percent of the total amount required to be spent and invested on energy conservation improvements under this subdivision on research and development projects that meet the definition of energy conservation improvement in subdivision 1 and that are funded directly by the municipality or cooperative electric association.

(e) Load-management activities may be used to meet 50 percent of the conservation investment and spending requirements of this subdivision.

(f) A generation and transmission cooperative electric association that provides energy services to cooperative electric associations that provide electric service at retail to consumers may invest in energy conservation improvements on behalf of the associations it serves and may fulfill the conservation, spending, reporting, and energy-savings goals on an aggregate basis. A municipal power agency or other not-for-profit entity that provides energy service to municipal utilities that provide electric service at retail may invest in energy conservation improvements on behalf of the municipal utilities it serves and may fulfill the conservation, spending, reporting, and energy-savings goals on an aggregate basis, under an agreement between the municipal power agency or not-for-profit entity and each municipal utility for funding the investments.

(g) Each municipality or cooperative shall file energy conservation improvement plans by June 1 on a schedule determined by order of the commissioner, but at least every three years. Plans received by June 1 must be approved or approved as modified by the commissioner by December 1 of the same year. The municipality or cooperative shall provide an evaluation to the commissioner detailing its energy conservation improvement spending and investments for the previous period. The evaluation must briefly describe each conservation program and must specify the energy savings or increased efficiency in the use of energy within the service territory of the utility or association that is the result of the spending and investments. The evaluation must analyze the cost-effectiveness of the utility's or association's conservation programs, using a list of baseline energy and capacity savings assumptions developed in consultation with the department. The commissioner shall review

each evaluation and make recommendations, where appropriate, to the municipality or association to increase the effectiveness of conservation improvement activities.

~~(h) MS 2010 [Expired, 1Sp2003 c 11 art 3 s 4; 2007 c 136 art 2 s 5]~~

(h) The commissioner shall consider and may require a utility, association, or other entity providing energy efficiency and conservation services under this section to undertake a program suggested by an outside source, including a political subdivision, nonprofit corporation, or community organization.

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

Sec. 12. Minnesota Statutes 2016, section 216B.241, subdivision 1c, is amended to read:

Subd. 1c. **Energy-saving goals.** (a) The commissioner shall establish energy-saving goals for energy conservation improvement expenditures and shall evaluate an energy conservation improvement program on how well it meets the goals set.

(b) Each individual utility and association shall have an annual energy-savings goal equivalent to 1.5 percent of gross annual retail energy sales unless modified by the commissioner under paragraph (d). The savings goals must be calculated based on the most recent three-year weather-normalized average. A utility or association may elect to carry forward energy savings in excess of 1.5 percent for a year to the succeeding three calendar years, except that savings from electric utility infrastructure projects allowed under paragraph (d) may be carried forward for five years. A particular energy savings can be used only for one year's goal.

(c) The commissioner must adopt a filing schedule that is designed to have all utilities and associations operating under an energy-savings plan by calendar year 2010.

(d) In its energy conservation improvement plan filing, a utility or association may request the commissioner to adjust its annual energy-savings percentage goal based on its historical conservation investment experience, customer class makeup, load growth, a conservation potential study, or other factors the commissioner determines warrants an adjustment. The commissioner may not approve a plan of a public utility that provides for an annual energy-savings goal of less than one percent of gross annual retail energy sales from energy conservation improvements.

A utility or association may include in its energy conservation plan energy savings from electric utility infrastructure projects approved by the commission under section 216B.1636 or waste heat recovery converted into electricity projects that may count as energy savings in addition to a minimum energy-savings goal of at least one percent for energy conservation improvements. Energy savings from electric utility infrastructure projects, as defined in section 216B.1636, may be included in the energy conservation plan of a municipal utility or cooperative electric association. Electric utility infrastructure projects must result in increased energy efficiency greater than that which would have occurred through normal maintenance activity.

(e) An energy-savings goal is not satisfied by attaining the revenue expenditure requirements of subdivisions 1a and 1b, but can only be satisfied by meeting the energy-savings goal established in this subdivision.

(f) An association or utility is not required to make energy conservation investments to attain the energy-savings goals of this subdivision that are not cost-effective even if the investment is necessary to attain the energy-savings goals. For the purpose of this paragraph, in determining

cost-effectiveness, the commissioner shall consider the costs and benefits to ratepayers, the utility, participants, and society. In addition, the commissioner shall consider the rate at which an association or municipal utility is increasing its energy savings and its expenditures on energy conservation.

(g) On an annual basis, the commissioner shall produce and make publicly available a report on the annual energy savings and estimated carbon dioxide reductions achieved by the energy conservation improvement programs for the two most recent years for which data is available. The commissioner shall report on program performance both in the aggregate and for each entity filing an energy conservation improvement plan for approval or review by the commissioner.

(h) By January 15, 2010, the commissioner shall report to the legislature whether the spending requirements under subdivisions 1a and 1b are necessary to achieve the energy-savings goals established in this subdivision.

(i) This subdivision does not apply to:

(1) a cooperative electric association with fewer than 5,000 members;

(2) a municipal utility with fewer than 1,000 retail electric customers; or

(3) a municipal utility with less than 1,000,000,000 cubic feet in annual throughput sales to retail natural gas customers.

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

Sec. 13. Minnesota Statutes 2016, section 216B.241, subdivision 1d, is amended to read:

Subd. 1d. **Technical assistance.** (a) The commissioner shall evaluate energy conservation improvement programs on the basis of cost-effectiveness and the reliability of the technologies employed. The commissioner shall, by order, establish, maintain, and update energy-savings assumptions that must be used when filing energy conservation improvement programs. The commissioner shall establish an inventory of the most effective energy conservation programs, techniques, and technologies, and encourage all Minnesota utilities to implement them, where appropriate, in their service territories. The commissioner shall describe these programs in sufficient detail to provide a utility reasonable guidance concerning implementation. The commissioner shall prioritize the opportunities in order of potential energy savings and in order of cost-effectiveness. The commissioner may contract with a third party to carry out any of the commissioner's duties under this subdivision, and to obtain technical assistance to evaluate the effectiveness of any conservation improvement program. The commissioner may assess up to \$850,000 annually for the purposes of this subdivision. The assessments must be deposited in the state treasury and credited to the energy and conservation account created under subdivision 2a. An assessment made under this subdivision is not subject to the cap on assessments provided by section 216B.62, or any other law.

(b) Of the assessment authorized under paragraph (a), the commissioner may expend up to \$400,000 annually for the purpose of developing, operating, maintaining, and providing technical support for a uniform electronic data reporting and tracking system available to all utilities subject to this section, in order to enable accurate measurement of the cost and energy savings of the energy conservation improvements required by this section. This paragraph expires June 30, 2017, and may be used for no more than three annual assessments occurring prior to that date 2018.

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

Sec. 14. Minnesota Statutes 2016, section 216B.241, subdivision 2, is amended to read:

Subd. 2. **Programs.** (a) The commissioner may require public utilities to make investments and expenditures in energy conservation improvements, explicitly setting forth the interest rates, prices, and terms under which the improvements must be offered to the customers. The required programs must cover no more than a three-year period. Public utilities shall file conservation improvement plans by June 1, on a schedule determined by order of the commissioner, but at least every three years. Plans received by a public utility by June 1 must be approved or approved as modified by the commissioner by December 1 of that same year. The commissioner shall evaluate the program on the basis of cost-effectiveness and the reliability of technologies employed. The commissioner's order must provide to the extent practicable for a free choice, by consumers participating in the program, of the device, method, material, or project constituting the energy conservation improvement and for a free choice of the seller, installer, or contractor of the energy conservation improvement, provided that the device, method, material, or project seller, installer, or contractor is duly licensed, certified, approved, or qualified, including under the residential conservation services program, where applicable.

(b) The commissioner may require a utility subject to subdivision 1c to make an energy conservation improvement investment or expenditure whenever the commissioner finds that the improvement will result in energy savings at a total cost to the utility less than the cost to the utility to produce or purchase an equivalent amount of new supply of energy. The commissioner shall nevertheless ensure that every public utility operate one or more programs under periodic review by the department.

(c) Each public utility subject to subdivision 1a may spend and invest annually up to ten percent of the total amount required to be spent and invested on energy conservation improvements under this section by the utility on research and development projects that meet the definition of energy conservation improvement in subdivision 1 and that are funded directly by the public utility.

(d) A public utility may not spend for or invest in energy conservation improvements that directly benefit a large energy facility or a large electric customer facility for which the commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b). The commissioner shall consider and may require a utility to undertake a program suggested by an outside source, including a political subdivision, a nonprofit corporation, or community organization.

(e) A utility, a political subdivision, or a nonprofit or community organization that has suggested a program, the attorney general acting on behalf of consumers and small business interests, or a utility customer that has suggested a program and is not represented by the attorney general under section 8.33 may petition the commission to modify or revoke a department decision under this section, and the commission may do so if it determines that the program is not cost-effective, does not adequately address the residential conservation improvement needs of low-income persons, has a long-range negative effect on one or more classes of customers, or is otherwise not in the public interest. The commission shall reject a petition that, on its face, fails to make a reasonable argument that a program is not in the public interest.

(f) The commissioner may order a public utility to include, with the filing of the utility's annual status report, the results of an independent audit of the utility's conservation improvement programs and expenditures performed by the department or an auditor with experience in the provision of energy conservation and energy efficiency services approved by the commissioner and chosen by the utility. The audit must specify the energy savings or increased efficiency in the use of energy

within the service territory of the utility that is the result of the spending and investments. The audit must evaluate the cost-effectiveness of the utility's conservation programs.

(g) A gas utility may not spend for or invest in energy conservation improvements that directly benefit a large customer facility or commercial gas customer facility for which the commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b), (c), or (e). The commissioner shall consider and may require a utility to undertake a program suggested by an outside source, including a political subdivision, a nonprofit corporation, or a community organization.

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

Sec. 15. Minnesota Statutes 2016, section 216B.241, subdivision 5, is amended to read:

Subd. 5. **Efficient lighting program.** (a) Each public utility, cooperative electric association, and municipal utility that provides electric service to retail customers and is subject to subdivision 1c shall include as part of its conservation improvement activities a program to strongly encourage the use of fluorescent and high-intensity discharge lamps. The program must include at least a public information campaign to encourage use of the lamps and proper management of spent lamps by all customer classifications.

(b) A public utility that provides electric service at retail to 200,000 or more customers shall establish, either directly or through contracts with other persons, including lamp manufacturers, distributors, wholesalers, and retailers and local government units, a system to collect for delivery to a reclamation or recycling facility spent fluorescent and high-intensity discharge lamps from households and from small businesses as defined in section 645.445 that generate an average of fewer than ten spent lamps per year.

(c) A collection system must include establishing reasonably convenient locations for collecting spent lamps from households and financial incentives sufficient to encourage spent lamp generators to take the lamps to the collection locations. Financial incentives may include coupons for purchase of new fluorescent or high-intensity discharge lamps, a cash back system, or any other financial incentive or group of incentives designed to collect the maximum number of spent lamps from households and small businesses that is reasonably feasible.

(d) A public utility that provides electric service at retail to fewer than 200,000 customers, a cooperative electric association, or a municipal utility that provides electric service at retail to customers may establish a collection system under paragraphs (b) and (c) as part of conservation improvement activities required under this section.

(e) The commissioner of the Pollution Control Agency may not, unless clearly required by federal law, require a public utility, cooperative electric association, or municipality that establishes a household fluorescent and high-intensity discharge lamp collection system under this section to manage the lamps as hazardous waste as long as the lamps are managed to avoid breakage and are delivered to a recycling or reclamation facility that removes mercury and other toxic materials contained in the lamps prior to placement of the lamps in solid waste.

(f) If a public utility, cooperative electric association, or municipal utility contracts with a local government unit to provide a collection system under this subdivision, the contract must provide for payment to the local government unit of all the unit's incremental costs of collecting and managing spent lamps.

(g) All the costs incurred by a public utility, cooperative electric association, or municipal utility for promotion and collection of fluorescent and high-intensity discharge lamps under this subdivision are conservation improvement spending under this section.

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

Sec. 16. Minnesota Statutes 2016, section 216B.241, subdivision 5d, is amended to read:

Subd. 5d. **On-bill repayment programs.** (a) For the purposes of this subdivision:

(1) "utility" means a public utility, municipal utility, or cooperative electric association subject to subdivision 1c that provides electric or natural gas service to retail customers; and

(2) "on-bill repayment program" means a program in which a utility collects on a customer's bill repayment of a loan to the customer by an eligible lender to finance the customer's investment in eligible energy conservation or renewable energy projects, and remits loan repayments to the lender.

(b) A utility may include as part of its conservation improvement plan an on-bill repayment program to enable a customer to finance eligible projects with installment loans originated by an eligible lender. An eligible project is one that is either an energy conservation improvement, or a project installed on the customer's site that uses an eligible renewable energy source as that term is defined in section 216B.2411, subdivision 2, paragraph (b), but does not include mixed municipal solid waste or refuse-derived fuel from mixed municipal solid waste. An eligible renewable energy source also includes solar thermal technology that collects the sun's radiant energy and uses that energy to heat or cool air or water, and meets the requirements of section 216C.25. To be an eligible lender, a lender must:

(1) have a federal or state charter and be eligible for federal deposit insurance;

(2) be a government entity, including an entity established under chapter 469, that has authority to provide financial assistance for energy efficiency and renewable energy projects;

(3) be a joint venture by utilities established under section 452.25; or

(4) be licensed, certified, or otherwise have its lending activities overseen by a state or federal government agency.

The commissioner must allow a utility broad discretion in designing and implementing an on-bill repayment program, provided that the program complies with this subdivision.

(c) A utility may establish an on-bill repayment program for all customer classes or for a specific customer class.

(d) A public utility that implements an on-bill repayment program under this subdivision must enter into a contract with one or more eligible lenders that complies with the requirements of this subdivision and contains provisions addressing capital commitments, loan origination, transfer of loans to the public utility for on-bill repayment, and acceptance of loans returned due to delinquency or default.

(e) A public utility's contract with a lender must require the lender to comply with all applicable federal and state laws, rules, and regulations related to lending practices and consumer protection; to conform to reasonable and prudent lending standards; and to provide businesses that sell, maintain,



and install eligible projects the ability to participate in an on-bill repayment program under this subdivision on a nondiscriminatory basis.

(f) A public utility's contract with a lender may provide:

(1) for the public utility to purchase loans from the lender with a condition that the lender must purchase back loans in delinquency or default; or

(2) for the lender to retain ownership of loans with the public utility servicing the loans through on-bill repayment as long as payments are current.

The risk of default must remain with the lender. The lender shall not have recourse against the public utility except in the event of negligence or breach of contract by the utility.

(g) If a public utility customer makes a partial payment on a utility bill that includes a loan installment, the partial payment must be credited first to the amount owed for utility service, including taxes and fees. A public utility may not suspend or terminate a customer's utility service for delinquency or default on a loan that is being serviced through the public utility's on-bill repayment program.

(h) An outstanding balance on a loan being repaid under this subdivision is a financial obligation only of the customer who is signatory to the loan, and not to any subsequent customer occupying the property associated with the loan. If the public utility purchases loans from the lender as authorized under paragraph (f), clause (1), the public utility must return to the lender a loan not repaid when a customer borrower no longer occupies the property.

(i) Costs incurred by a public utility under this subdivision are recoverable as provided in section 216B.16, subdivision 6b, paragraph (c), including reasonable incremental costs for billing system modifications necessary to implement and operate an on-bill repayment program and for ongoing costs to operate the program. Costs in a plan approved by the commissioner may be counted toward a utility's conservation spending requirements under subdivisions 1a and 1b. Energy savings from energy conservation improvements resulting from this section may be counted toward satisfying a utility's energy-savings goals under subdivision 1c.

(j) This subdivision does not require a utility to terminate or modify an existing financing program and does not prohibit a utility from establishing an on-bill financing program in which the utility provides the financing capital.

(k) A municipal utility or cooperative electric association that implements an on-bill repayment program shall design the program to address the issues identified in paragraphs (d) through (h) as determined by the governing board of the utility or association.

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

Sec. 17. Minnesota Statutes 2016, section 216B.241, subdivision 7, is amended to read:

Subd. 7. **Low-income programs.** (a) The commissioner shall ensure that each utility and association subject to subdivision 1c provides low-income programs. When approving spending and energy-savings goals for low-income programs, the commissioner shall consider historic spending and participation levels, energy savings for low-income programs, and the number of low-income persons residing in the utility's service territory. A municipal utility that furnishes gas service must spend at least 0.2 percent, and a public utility furnishing gas service must spend at

least 0.4 percent, of its most recent three-year average gross operating revenue from residential customers in the state on low-income programs. A utility or association that furnishes electric service must spend at least 0.1 percent of its gross operating revenue from residential customers in the state on low-income programs. For a generation and transmission cooperative association, this requirement shall apply to each association's members' aggregate gross operating revenue from sale of electricity to residential customers in the state. Beginning in 2010, a utility or association that furnishes electric service must spend 0.2 percent of its gross operating revenue from residential customers in the state on low-income programs.

(b) To meet the requirements of paragraph (a), a utility or association may contribute money to the energy and conservation account. An energy conservation improvement plan must state the amount, if any, of low-income energy conservation improvement funds the utility or association will contribute to the energy and conservation account. Contributions must be remitted to the commissioner by February 1 of each year.

(c) The commissioner shall establish low-income programs to utilize money contributed to the energy and conservation account under paragraph (b). In establishing low-income programs, the commissioner shall consult political subdivisions, utilities, and nonprofit and community organizations, especially organizations engaged in providing energy and weatherization assistance to low-income persons. Money contributed to the energy and conservation account under paragraph (b) must provide programs for low-income persons, including low-income renters, in the service territory of the utility or association providing the money. The commissioner shall record and report expenditures and energy savings achieved as a result of low-income programs funded through the energy and conservation account in the report required under subdivision 1c, paragraph (g). The commissioner may contract with a political subdivision, nonprofit or community organization, public utility, municipality, or cooperative electric association to implement low-income programs funded through the energy and conservation account.

(d) A utility or association may petition the commissioner to modify its required spending under paragraph (a) if the utility or association and the commissioner have been unable to expend the amount required under paragraph (a) for three consecutive years.

(e) The costs and benefits associated with any approved low-income gas or electric conservation improvement program that is not cost-effective when considering the costs and benefits to the utility may, at the discretion of the utility, be excluded from the calculation of net economic benefits for purposes of calculating the financial incentive to the utility. The energy and demand savings may, at the discretion of the utility, be applied toward the calculation of overall portfolio energy and demand savings for purposes of determining progress toward annual goals and in the financial incentive mechanism.

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

Sec. 18. Minnesota Statutes 2016, section 216B.2422, subdivision 2, is amended to read:

Subd. 2. **Resource plan filing and approval.** (a) A utility shall file a resource plan with the commission periodically in accordance with rules adopted by the commission. The commission shall approve, reject, or modify the plan of a public utility, as defined in section 216B.02, subdivision 4, consistent with the public interest.

(b) In the resource plan proceedings of all other utilities, the commission's order shall be advisory and the order's findings and conclusions shall constitute prima facie evidence which may be rebutted

by substantial evidence in all other proceedings. With respect to utilities other than those defined in section 216B.02, subdivision 4, the commission shall consider the filing requirements and decisions in any comparable proceedings in another jurisdiction.

(c) As a part of its resource plan filing, a utility shall include the least cost plan for meeting 50 and 75 percent of all energy needs from both new and refurbished capacity needs generating facilities through a combination of conservation and renewable energy resources.

**EFFECTIVE DATE.** This section is effective the day following final enactment. Paragraph (c) applies to resource plans filed with the commission on or after July 1, 2017.

Sec. 19. Minnesota Statutes 2016, section 216B.2422, subdivision 4, is amended to read:

Subd. 4. **Preference for renewable energy facility.** The commission shall not approve a new or refurbished nonrenewable energy facility in an integrated resource plan or a certificate of need, pursuant to section 216B.243, nor shall the commission allow rate recovery pursuant to section 216B.16 for such a nonrenewable energy facility, unless the utility has demonstrated that a renewable energy facility is not in the public interest. When making the public interest determination, the commission must ~~include~~ consider:

(1) whether the resource plan helps the utility achieve the greenhouse gas reduction goals under section 216H.02, the renewable energy standard under section 216B.1691, or the solar energy standard under section 216B.1691, subdivision 2f;

(2) impacts on local and regional grid reliability;

(3) utility and ratepayer impacts resulting from the intermittent nature of renewable energy facilities, including but not limited to the costs of purchasing wholesale electricity in the market and the costs of providing ancillary services; and

(4) utility and ratepayer impacts resulting from reduced exposure to fuel price volatility, changes in transmission costs, portfolio diversification, and environmental compliance costs.

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

Sec. 20. Minnesota Statutes 2016, section 216B.2424, is amended by adding a subdivision to read:

Subd. 9. **Adjustment of biomass fuel requirement.** (a) Notwithstanding any provision in this section, the public utility subject to this section may, with respect to a facility approved under this section, file a petition with the commission for approval of:

(1) a new or amended power purchase agreement;

(2) the early termination of a power purchase agreement; or

(3) the purchase and closure of the facility.

(b) The commission may approve a new or amended power purchase agreement under this subdivision, notwithstanding the fuel requirements of this section, if the commission determines that:

(1) all parties to the original power purchase agreement, or their successors or assigns, as applicable, agree to the terms and conditions of the new or amended power purchase agreement; and

(2) the new or amended power purchase agreement is in the best interest of the customers of the public utility subject to this section, taking into consideration any savings realized by customers in the new or amended power purchase agreement and any costs imposed on customers under paragraph (e). A new or amended power purchase agreement approved under this paragraph may be for any term agreed to by the parties and may govern the purchase of any amount of energy.

(c) The commission may approve the early termination of a power purchase agreement or the purchase and closure of a facility under this subdivision if it determines that:

(1) all parties to the power purchase agreement, or their successors or assigns, as applicable, agree to the early termination of the power purchase agreement or the purchase and closure of the facility; and

(2) the early termination of the power purchase agreement or the purchase and closure of the facility is in the best interest of the customers of the public utility subject to this section, taking into consideration any savings realized by customers as a result of the early termination of the power purchase agreement or the purchase and closure of the facility and any costs imposed on the customers under paragraph (e).

(d) The commission's approval of a new or amended power purchase agreement under paragraph (b) or of the termination of a power purchase agreement or the purchase and closure of a facility under paragraph (c), shall not require the public utility subject to this section to purchase replacement amounts of biomass energy to fulfill the requirements of this section.

(e) A utility may petition the commission to approve a rate schedule that provides for the automatic adjustment of charges to recover investments, expenses and costs, and earnings on the investments associated with a new or amended power purchase agreement, the early termination of a power purchase agreement, or the purchase and closure of a facility. The commission may approve the rate schedule upon a showing that the recovery of investments, expenses and costs, and earnings on the investments is less than the costs that would have been recovered from customers had the utility continued to purchase energy under the power purchase agreement in effect before any option available under this section is approved by the commission. If approved by the commission, cost recovery under this paragraph may include all cost recovery allowed for renewable facilities under section 216B.1645, subdivisions 2 and 2a.

(f) This subdivision does not apply to a St. Paul district heating and cooling system cogeneration facility, and nothing in this subdivision precludes a public utility that operates a nuclear-power electric generating plant from filing a petition with the commission for approval of a new or amended power purchase agreement with such a facility.

(g) For the purposes of this subdivision, "facility" means a biomass facility previously approved by the commission to satisfy a portion of the biomass mandate in this section.

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

Sec. 21. Minnesota Statutes 2016, section 216C.05, subdivision 2, is amended to read:

Subd. 2. **Energy policy goals.** It is the energy policy of the state of Minnesota that:

(1) annual energy savings equal to at least 1.5 percent of annual retail energy sales of electricity and natural gas be achieved through cost-effective energy efficiency;

(2) the per capita use of fossil fuel as an energy input be reduced by 15 percent by the year 2015, through increased reliance on energy efficiency and renewable energy alternatives; ~~and~~

(3) 25 percent of the total energy used in the state be derived from renewable energy resources by the year 2025; and

(4) retail electricity rates for each customer class be at least five percent below the national average.

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

**Sec. 22. [216C.417] PROGRAM ADMINISTRATION; "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVES.**

Subdivision 1. **General provisions.** Payment of a "Made in Minnesota" solar energy production incentive to an owner whose application was approved by the commissioner of commerce under section 216C.415, by May 1, 2017, must be administered under the provisions of Minnesota Statutes 2016, sections 216C.411; 216C.413; 216C.414, subdivisions 1 to 3 and 5; and 216C.415. No incentive payments may be made under this section to an owner whose application was approved by the commissioner after May 1, 2017.

Subd. 2. **Appropriation.** (a) Unspent money remaining in the account established under Minnesota Statutes 2016, section 216C.412, on July 1, 2017, must be transferred to the renewable development account in the special revenue fund established under Minnesota Statutes, section 116C.779, subdivision 1.

(b) There is annually appropriated from the renewable development account in the special revenue fund established in Minnesota Statutes, section 116C.779, to the commissioner of commerce money sufficient to make the incentive payments required under Minnesota Statutes 2016, section 216C.415. Any funds appropriated under this paragraph that are unexpended at the end of a fiscal year cancel to the renewable development account.

(c) Notwithstanding Minnesota Statutes 2016, section 216C.412, subdivision 1, none of this appropriation may be used for administrative costs.

Subd. 3. **Eligibility window; payment duration.** (a) Payments may be made under this subdivision only for solar photovoltaic module installations that meet the requirements of subdivision 1 and that first begin generating electricity between January 1, 2014, and October 31, 2018.

(b) The payment eligibility window of the incentive begins and runs consecutively from the date the solar photovoltaic modules first begins generating electricity.

(c) An owner of solar photovoltaic modules may receive payments under this section for a particular module for a period of ten years, provided that sufficient funds are available in the account.

(d) No payment may be made under this section for electricity generated after October 31, 2028.

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

Sec. 23. Minnesota Statutes 2016, section 216C.435, is amended by adding a subdivision to read:

**Subd. 7a. Multifamily residential dwelling.** "Multifamily residential dwelling" means a residential dwelling containing five or more units intended for use as a residence by tenants or lessees of the owner.

Sec. 24. Minnesota Statutes 2016, section 216H.03, subdivision 3, is amended to read:

**Subd. 3. Long-term increased emissions from power plants prohibited.** Unless preempted by federal law, until a comprehensive and enforceable state law or rule pertaining to greenhouse gases that directly limits and substantially reduces, over time, statewide power sector carbon dioxide emissions is enacted and in effect, and except as allowed in subdivisions 4 to 7, on and after August 1, 2009, no person shall:

~~(1) construct within the state a new large energy facility that would contribute to statewide power sector carbon dioxide emissions;~~

~~(2) import or commit to import from outside the state power from a new large energy facility that would contribute to statewide power sector carbon dioxide emissions; or~~

~~(3) enter into a new long-term power purchase agreement that would increase statewide power sector carbon dioxide emissions. For purposes of this section, a long-term power purchase agreement means an agreement to purchase 50 megawatts of capacity or more for a term exceeding five years.~~

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

Sec. 25. Minnesota Statutes 2016, section 216H.03, subdivision 4, is amended to read:

**Subd. 4. Exception for facilities that offset emissions.** (a) ~~The prohibitions in prohibition under subdivision 3 do~~ does not apply if the project proponent demonstrates to the Public Utilities Commission's satisfaction that it will offset the new contribution to statewide power sector carbon dioxide emissions with a carbon dioxide reduction project identified in paragraph (b) and in compliance with paragraph (c).

(b) A project proponent may offset in an amount equal to or greater than the proposed new contribution to statewide power sector carbon dioxide emissions in either, or a combination of both, of the following ways:

(1) by reducing an existing facility's contribution to statewide power sector carbon dioxide emissions; or

(2) by purchasing carbon dioxide allowances from a state or group of states that has a carbon dioxide cap and trade system in place that produces verifiable emissions reductions.

(c) The Public Utilities Commission shall not find that a proposed carbon dioxide reduction project identified in paragraph (b) acceptably offsets a new contribution to statewide power sector carbon dioxide emissions unless the proposed offsets are permanent, quantifiable, verifiable, enforceable, and would not have otherwise occurred. This section does not exempt emissions that have been offset under this subdivision and emissions exempted under subdivisions 5 to 7 from a cap and trade system if adopted by the state.

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

Sec. 26. Minnesota Statutes 2016, section 216H.03, subdivision 7, is amended to read:

Subd. 7. **Other exemptions.** The ~~prohibitions in~~ prohibition under subdivision 3 ~~do~~ does not apply to:

(1) a new large energy facility under consideration by the Public Utilities Commission pursuant to proposals or applications filed with the Public Utilities Commission before April 1, 2007, or to any power purchase agreement related to a facility described in this clause. The exclusion of pending proposals and applications from the prohibitions in subdivision 3 does not limit the applicability of any other law and is not an expression of legislative intent regarding whether any pending proposal or application should be approved or denied;

(2) a contract not subject to commission approval that was entered into prior to April 1, 2007, to purchase power from a new large energy facility that was approved by a comparable authority in another state prior to that date, for which municipal or public power district bonds have been issued, and on which construction has begun;

(3) a new large energy facility ~~or a power purchase agreement between a Minnesota utility and a new large energy facility~~ located ~~outside~~ within Minnesota that the Public Utilities Commission has determined is essential to ensure the long-term reliability of Minnesota's electric system, to allow electric service for increased industrial demand, or to avoid placing a substantial financial burden on Minnesota ratepayers. An order of the commission granting an exemption under this clause is stayed until the June 1 following the next regular or annual session of the legislature that begins after the date of the commission's final order; or

(4) a new large energy facility with a combined electric generating capacity of less than 100 megawatts, which did not require a Minnesota certificate of need, which received an air pollution control permit to construct from an adjoining state before January 1, 2008, and on which construction began before July 1, 2008, or to any power purchase agreement related to a facility described in this clause.

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

Sec. 27. **RESIDENTIAL PACE CONSUMER PROTECTION LEGISLATION TASK FORCE.**

Subdivision 1. **Establishment.** The Residential PACE Consumer Protection Legislation Task Force shall develop recommendations for consumer protection legislation for any energy improvements financing program implemented under Minnesota Statutes, sections 216C.435 to 216C.436, for single-family residential dwellings. For purposes of this section, "residential PACE" or "PACE" means energy improvement financing programs for single-family residential dwellings authorized under Minnesota Statutes, sections 216C.435 to 216C.436.

Subd. 2. **Task force.** (a) The task force consists of 16 members as follows:

(1) one member appointed by the Minnesota Association of Realtors;

(2) one member appointed by the Center for Energy and Environment;

(3) one member appointed by the Minnesota Bankers Association;

(4) one member appointed by the Legal Services Advocacy Project;

- (5) one member appointed by the Minnesota Credit Union Network;
- (6) one member appointed by the Minnesota Solar Energy Industry Association;
- (7) one member appointed by the St. Paul Port Authority;
- (8) one member appointed by the League of Minnesota Cities;
- (9) one member appointed by the Association of Minnesota Counties;
- (10) one member appointed by AARP Minnesota;
- (11) one member appointed by Fresh Energy;
- (12) one member appointed by the Citizens Utility Board of Minnesota;
- (13) one member appointed by Clean Energy Economy Minnesota;
- (14) one member appointed by the Minnesota Land Title Association;
- (15) one member appointed by an organization with experience implementing residential PACE programs in other states; and
- (16) the commissioner of commerce or a designee.

(b) Any public member can designate a substitute from the same organization to replace that member at a meeting of the task force.

Subd. 3. **Duties.** The task force must develop recommendations to:

- (1) address concerns regarding the possible constraints on free alienation of residential property caused by existence and amount of the PACE liens;
- (2) reduce and minimize any point-of-sale confusion in transactions involving PACE-encumbered homes;
- (3) ensure conspicuous and meaningful disclosure of, among other things:
  - (i) all costs and fees of a residential PACE loan; and
  - (ii) the risks, such as foreclosure and higher costs, that may be associated with residential PACE loans relative to other financing mechanisms;
- (4) ensure that the ability to repay standard uses commonly accepted underwriting principles;
- (5) ensure that consumer provisions required of and protections that apply to conventional loans and other financing options, including but not limited to the Truth in Lending Act and the Real Estate Settlement Procedures Act, are required of and apply to PACE financing;
- (6) address any unique protections necessary for elderly, low-income homeowners and other financially vulnerable homeowners;
- (7) establish criteria to ensure the cost-effectiveness of PACE-enabled clean energy improvements; and
- (8) address any other issues the task force identifies that are necessary to protect consumers.



Subd. 4. **Administrative support.** The commissioner of commerce shall provide administrative support and meeting space for the task force.

Subd. 5. **Compensation.** Members serve without compensation and shall not be reimbursed for expenses.

Subd. 6. **Chair.** The commissioner of commerce or the commissioner's designee shall serve as chair.

Subd. 7. **Meetings.** The task force shall meet regularly, at the call of the chair. Meetings of the task force are subject to Minnesota Statutes, chapter 13D.

Subd. 8. **Appointments; first meeting.** Appointments must be made by June 1, 2017. The commissioner of commerce must convene the first meeting by July 15, 2017.

Subd. 9. **Report to legislature.** By January 15, 2018, the commissioner shall submit a report detailing the task force's findings and recommendations to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over energy and consumer protection policy and finance. The report must include any draft legislation necessary to implement the recommendations of the task force.

Subd. 10. **Suspension of residential PACE.** Until legislation is enacted establishing consumer protections that address, but are not limited to, the concerns identified in subdivision 3, no programs for the financing of energy improvements on a single-family residential property dwelling under Minnesota Statutes, sections 216C.435 to 216C.436, may be operated after the effective date of this section.

Subd. 11. **Expiration.** The task force expires January 15, 2018, or after submitting the report required in this section, whichever is earlier.

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

Sec. 28. **PROGRAM ADMINISTRATION; "MADE IN MINNESOTA" SOLAR THERMAL REBATES.**

(a) No rebate may be paid under Minnesota Statutes 2016, section 216C.416, to an owner of a solar thermal system whose application was approved by the commissioner of commerce after the effective date of this act.

(b) Unspent money remaining in the account established under Minnesota Statutes 2014, section 216C.416, as of July 2, 2017, must be transferred to the C-LEAF account established under Minnesota Statutes 2016, section 116C.779, subdivision 1.

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

Sec. 29. **RENEWABLE DEVELOPMENT ACCOUNT; TRANSFER OF UNEXPENDED GRANT FUNDS.**

(a) No later than 30 days after the effective date of this section, the utility subject to Minnesota Statutes, section 116C.779, subdivision 1, must notify in writing each person who received a grant funded from the renewable development account previously established under that subdivision:

(1) after January 1, 2012; and

(2) before January 1, 2012, if the funded project remains incomplete as of the effective date of this section.

The notice must contain the provisions of this section and instructions directing grant recipients how unexpended funds can be transferred to the clean energy advancement fund account.

(b) A recipient of a grant from the renewable development account previously established under Minnesota Statutes, section 116C.779, subdivision 1, must, no later than 30 days after receiving the notice required under paragraph (a), transfer any grant funds that remain unexpended as of the effective date of this section to the clean energy advancement fund account if, by that effective date, all of the following conditions are met:

(1) the grant was awarded more than five years before the effective date of this section;

(2) the grant recipient has failed to obtain control of the site on which the project is to be constructed;

(3) the grant recipient has failed to secure all necessary permits or approvals from any unit of government with respect to the project; and

(4) construction of the project has not begun.

(c) A recipient of a grant from the renewable development account previously established under Minnesota Statutes, section 116C.779, subdivision 1, must transfer any grant funds that remain unexpended five years after the grant funds are received by the grant recipient if, by that date, the conditions in paragraph (b), clauses (2) to (4), have been met. The grant recipient must transfer the unexpended funds no later than 30 days after the fifth anniversary of the receipt of the grant funds.

(d) A person who transfers funds to the clean energy advancement fund account under this section is eligible to apply for funding from the clean energy advancement fund account.

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

### Sec. 30. **REPEALER.**

(a) Laws 2013, chapter 85, article 6, section 11, is repealed.

(b) Minnesota Statutes 2016, sections 216B.8109; 216B.811; 216B.812; 216B.813; and 216B.815, are repealed.

(c) Minnesota Statutes 2016, sections 3.8852; and 116C.779, subdivision 3, are repealed.

(d) Minnesota Statutes 2016, sections 174.187; 216C.411; 216C.412; 216C.413; 216C.414; 216C.415; and 216C.416, are repealed.

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

## ARTICLE 11

### HOUSING POLICY

Section 1. Minnesota Statutes 2016, section 327C.01, is amended by adding a subdivision to read:

Subd. 13. **Class I manufactured home park.** A "class I manufactured home park" means a park that complies with the provisions of section 327C.16.

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

Sec. 2. **[327C.16] CLASS I MANUFACTURED HOME PARK.**

Subdivision 1. **Qualifications.** (a) To qualify as a class I manufactured home park, as defined in section 327C.01, subdivision 13, a park owner, or on-site attendant as an employee of the manufactured home park, must satisfy 12 hours of qualifying education courses every three years, as prescribed in this subdivision. Park owners or on-site attendants may begin accumulating qualifying hours to qualify as a class I manufactured home park beginning in 2017.

(b) The qualifying education courses required for classification under this subdivision must be continuing education courses approved by the Department of Labor and Industry or the Department of Commerce for:

(1) continuing education in real estate; or

(2) continuing education for residential contractors and manufactured home installers.

(c) The qualifying education courses must include:

(1) two hours on fair housing, approved for real estate licensure or residential contractor licensure;

(2) one hour on the Americans with Disabilities Act, approved for real estate licensure or residential contractor licensure;

(3) four hours on legal compliance related to any of the following: landlord/tenant, licensing requirements, or home financing under chapters 58, 327, 327B, 327C, and 504B, and Minnesota Rules, chapter 1350 or 4630;

(4) three hours of general education approved for real estate, residential contractors, or manufactured home installers; and

(5) two hours of HUD-specific manufactured home installer courses as required under section 327B.041.

(d) If the qualifying owner or employee attendant is no longer the person meeting the requirements under this subdivision, but did qualify during the current assessment year, then the manufactured home park shall still qualify for the class rate provided for class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause (5), item (iii).

Subd. 2. **Proof of compliance.** (a) A park owner that has met the requirements of subdivision 1 shall provide an affidavit to the park owner's county assessor certifying that the park owner, corporate officer, or on-site attendant has complied with subdivision 1 and that the park meets the definition of a class I manufactured home park as defined in this section, and is entitled to the property tax classification rate for class I manufactured home parks in section 273.13, subdivision 25. The park owner shall retain the original course completion certificates issued by the course sponsor under this section for three years and, upon written request for verification, provide these to the county assessor within 30 days.

(b) A park owner must provide the county assessor written notice of any change in compliance status of the manufactured home park no later than December 15 of the assessment year.

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

Sec. 3. Minnesota Statutes 2016, section 462.355, subdivision 4, is amended to read:

Subd. 4. **Interim ordinance.** (a) If a municipality is conducting studies or has authorized a study to be conducted or has held or has scheduled a hearing for the purpose of considering adoption or amendment of a comprehensive plan or official controls as defined in section 462.352, subdivision 15, or if new territory for which plans or controls have not been adopted is annexed to a municipality, the governing body of the municipality may adopt an interim ordinance applicable to all or part of its jurisdiction for the purpose of protecting the planning process and the health, safety and welfare of its citizens. The interim ordinance may regulate, restrict, or prohibit any use, development, or subdivision within the jurisdiction or a portion thereof for a period not to exceed one year from the date it is effective.

(b) If a proposed interim ordinance purports to regulate, restrict, or prohibit activities relating to livestock production, a public hearing must be held following a ten-day notice given by publication in a newspaper of general circulation in the municipality before the interim ordinance takes effect.

(c)(1) A statutory or home rule charter city may adopt an interim ordinance that regulates, restricts, or prohibits a housing proposal only if the ordinance is approved by majority vote of all members of the city council.

(2) Before adopting the interim ordinance, the city council must hold a public hearing after providing written notice to any person who has submitted a housing proposal, has a pending housing proposal, or has provided a written request to be notified of interim ordinances related to housing proposals. The written notice must be provided at least three business days before the public hearing. Notice also must be posted on the city's official Web site, if the city has an official Web site.

(3) The date of the public hearing shall be the earlier of the next regularly scheduled city council meeting after the notice period or within ten days of the notice.

(4) The activities proposed to be restricted by the proposed interim ordinance may not be undertaken before the public hearing.

(5) For the purposes of this paragraph, "housing proposal" means a written request for city approval of a project intended primarily to provide residential dwellings, either single family or multi-family, and involves the subdivision or development of land or the demolition, construction, reconstruction, alteration, repair, or occupancy of residential dwellings.

~~(e)~~ (d) The period of an interim ordinance applicable to an area that is affected by a city's master plan for a municipal airport may be extended for such additional periods as the municipality may deem appropriate, not exceeding a total additional period of 18 months. In all other cases, no interim ordinance may halt, delay, or impede a subdivision that has been given preliminary approval, nor may any interim ordinance extend the time deadline for agency action set forth in section 15.99 with respect to any application filed prior to the effective date of the interim ordinance. The governing body of the municipality may extend the interim ordinance after a public hearing and written findings have been adopted based upon one or more of the conditions in clause (1), (2), or (3). The public hearing must be held at least 15 days but not more than 30 days before the expiration of the interim

ordinance, and notice of the hearing must be published at least ten days before the hearing. The interim ordinance may be extended for the following conditions and durations, but, except as provided in clause (3), an interim ordinance may not be extended more than an additional 18 months:

(1) up to an additional 120 days following the receipt of the final approval or review by a federal, state, or metropolitan agency when the approval is required by law and the review or approval has not been completed and received by the municipality at least 30 days before the expiration of the interim ordinance;

(2) up to an additional 120 days following the completion of any other process required by a state statute, federal law, or court order, when the process is not completed at least 30 days before the expiration of the interim ordinance; or

(3) up to an additional one year if the municipality has not adopted a comprehensive plan under this section at the time the interim ordinance is enacted.

**EFFECTIVE DATE.** This section is effective for interim ordinances proposed on or after August 1, 2017.

Sec. 4. Minnesota Statutes 2016, section 462A.201, subdivision 2, is amended to read:

Subd. 2. **Low-income housing.** (a) The agency may use money from the housing trust fund account to provide loans or grants for:

(1) projects for the development, construction, acquisition, preservation, and rehabilitation of low-income rental and limited equity cooperative housing units, including temporary and transitional housing;

(2) the costs of operating rental housing, as determined by the agency, that are unique to the operation of low-income rental housing or supportive housing; ~~and~~

(3) rental assistance, either project-based or tenant-based; and

(4) projects to secure stable housing for families with children eligible for enrollment in a prekindergarten through grade 12 academic program.

For purposes of this section, "transitional housing" has the meaning given by the United States Department of Housing and Urban Development. Loans or grants for residential housing for migrant farmworkers may be made under this section.

(b) The housing trust fund account must be used for the benefit of persons and families whose income, at the time of initial occupancy, does not exceed 60 percent of median income as determined by the United States Department of Housing and Urban Development for the metropolitan area. At least 75 percent of the funds in the housing trust fund account must be used for the benefit of persons and families whose income, at the time of initial occupancy, does not exceed 30 percent of the median family income for the metropolitan area as defined in section 473.121, subdivision 2. For purposes of this section, a household with a housing assistance voucher under Section 8 of the United States Housing Act of 1937, as amended, is deemed to meet the income requirements of this section.

The median family income may be adjusted for families of five or more.

(c) Rental assistance under this section must be provided by governmental units which administer housing assistance supplements or by for-profit or nonprofit organizations experienced in housing management. Rental assistance shall be limited to households whose income at the time of initial receipt of rental assistance does not exceed 60 percent of median income, as determined by the United States Department of Housing and Urban Development for the metropolitan area. Priority among comparable applications for tenant-based rental assistance will be given to proposals that will serve households whose income at the time of initial application for rental assistance does not exceed 30 percent of median income, as determined by the United States Department of Housing and Urban Development for the metropolitan area. Rental assistance must be terminated when it is determined that 30 percent of a household's monthly income for four consecutive months equals or exceeds the market rent for the unit in which the household resides plus utilities for which the tenant is responsible. Rental assistance may only be used for rental housing units that meet the housing maintenance code of the local unit of government in which the unit is located, if such a code has been adopted, or the housing quality standards adopted by the United States Department of Housing and Urban Development, if no local housing maintenance code has been adopted.

(d) In making the loans or grants, the agency shall determine the terms and conditions of repayment and the appropriate security, if any, should repayment be required. To promote the geographic distribution of grants and loans, the agency may designate a portion of the grant or loan awards to be set aside for projects located in specified congressional districts or other geographical regions specified by the agency. The agency may adopt rules for awarding grants and loans under this subdivision.

Sec. 5. Minnesota Statutes 2016, section 462A.2035, is amended to read:

**462A.2035 MANUFACTURED HOME PARK REDEVELOPMENT PROGRAM.**

Subdivision 1. **Establishment.** The agency shall establish a manufactured home park redevelopment program for the purpose of making manufactured home park redevelopment grants or loans to cities, counties, ~~or~~ community action programs, nonprofit organizations, and cooperatives created under chapter 308A or 308B.

Subd. 1a. **Individual assistance grants.** ~~Cities, counties, and community action programs~~ Eligible recipients may use individual assistance grants and loans under this program to:

(1) provide current residents of manufactured home parks with buy-out assistance not to exceed \$4,000 per home with preference given to older manufactured homes; and

(2) provide down-payment assistance for the purchase of new and preowned manufactured homes that comply with the current version of the State Building Code in effect at the time of the sale, not to exceed \$10,000 per home; and

~~(3) make improvements in manufactured home parks as requested by the grant recipient.~~

Subd. 1b. **Park infrastructure grants.** Eligible recipients may use park infrastructure grants under this program for:

(1) improvements in manufactured home parks; and

(2) infrastructure, including storm shelters and community facilities.

Subd. 2. **Eligibility requirements.** For individual assistance grants under subdivision 1a, households assisted under this section must have an annual household income at or below 80 percent of the area median household income. Cities, counties, or community action programs receiving funds under the program must give preference to households at or below 50 percent of the area median household income. Participation in the program is voluntary and no park resident shall be required to participate.

Subd. 3. **Statewide program.** The agency shall attempt to make grants and loans in approximately equal amounts to applicants outside and within the metropolitan area. Grants and loans under this section shall be provided in a manner consistent with the agency's policies and purposes in section 462A.02.

Subd. 4. **Infrastructure repair and replacement fund.** Each recipient receiving a grant under subdivision 1b shall provide from year to year, on a cumulative basis, for adequate reserve funds to cover the repair and replacement of the private infrastructure systems serving the community.

Sec. 6. Minnesota Statutes 2016, section 462A.204, subdivision 8, is amended to read:

Subd. 8. **School stability.** (a) The agency in consultation with the ~~Interagency Task Force~~ Council on Homelessness may establish a school stability project under the family homeless prevention and assistance program. The purpose of the project is to secure stable housing for families with school-age children who have moved frequently and for unaccompanied youth. For purposes of this subdivision, "unaccompanied youth" are minors who are leaving foster care or juvenile correctional facilities, or minors who meet the definition of a child in need of services or protection under section 260C.007, subdivision 6, but for whom no court finding has been made pursuant to that statute.

(b) The agency shall make grants to family homeless prevention and assistance projects in communities with a school or schools that have a significant degree of student mobility.

(c) Each project must be designed to reduce school absenteeism; stabilize children in one home setting or, at a minimum, in one school setting; and reduce shelter usage. Each project must include plans for the following:

(1) ~~targeting of families with children under age 12 who, in the last 12 months have either: changed schools or homes at least once or been absent from school at least 15 percent of the school year and who have either been evicted from their housing;~~ who are eligible for a prekindergarten through grade 12 academic program and are living in overcrowded conditions in their current housing; or are paying more than 50 percent of their income for rent; or who lack a fixed, regular, and adequate nighttime residence;

(2) targeting of unaccompanied youth in need of an alternative residential setting;

(3) connecting families with the social services necessary to maintain the families' stability in their home, including but not limited to housing navigation, legal representation, and family outreach; and

(4) one or more of the following:

(i) provision of rental assistance for a specified period of time, which may exceed 24 months; or

(ii) development of permanent supportive housing or transitional housing provision of support and case management services to improve housing stability, including but not limited to housing navigation and family outreach.

(d) Notwithstanding subdivision 2, grants under this section may be used to acquire, rehabilitate, or construct transitional or permanent housing. In selecting projects for funding under this subdivision, preference shall be given to organizations granted funding under section 462A.201, subdivision 2, paragraph (a), clause (4).

(e) Each grantee under the project must include representatives of the local school district or targeted schools, or both, and of the local community correction agencies on its advisory committee. No grantee under this subdivision is required to have an advisory committee as described in subdivision 6.

### **Sec. 7. [462A.39] WORKFORCE HOUSING DEVELOPMENT PROGRAM.**

Subdivision 1. **Establishment.** The commissioner of Minnesota housing finance shall establish a workforce housing development program to award grants or deferred loans to eligible project areas to be used for qualified expenditures. Grants or deferred loans authorized under this section may be made without limitations relating to the maximum incomes of the renters.

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 473.121, 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 473.121, 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 may include rental developments that have a portion of income-restricted units.

(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 or deferred loans 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 or deferred loans 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 or deferred loans 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 or deferred loans awarded under this section shall be given to eligible project areas with less than 30,000 people.

(c) Among comparable proposals, preference must be given to projects with a higher proportion of units that are not income-restricted.

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

Subd. 6. **Report.** Beginning January 15, 2018, 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 or deferred loans under this section and the specific purposes for which the grant funds were used.

## Sec. 8. **[462C.16] HOUSING TRUST FUNDS FOR LOCAL HOUSING DEVELOPMENT.**

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

(b) "Commissioner" means the commissioner of the Minnesota Housing Finance Agency.

(c) "Fund" means a local housing trust fund or a regional housing trust fund.

(d) "Local government" means any statutory or home rule charter city or a county.

(e) "Local housing trust fund" means a fund established by a local government with one or more dedicated sources of public revenue for housing.

(f) "Regional housing trust fund" means a fund established and administered under a joint powers agreement entered into by two or more local governments with one or more dedicated sources of public revenue for housing.

Subd. 2. **Creation and administration.** (a) A local government may establish a local housing trust fund by ordinance or participate in a joint powers agreement to establish a regional housing trust fund.

(b) A local or regional housing trust fund may be, but is not required to be, administered through a nonprofit organization. If administered through a nonprofit organization, that organization shall encourage private charitable donations to the fund.

Subd. 3. **Authorized expenditures.** Money in a local or regional housing trust fund may be used only to:

(1) pay for administrative expenses, but not more than ten percent of the balance of the fund may be spent on administration;

(2) make grants, loans, and loan guarantees for the development, rehabilitation, or financing of housing;

(3) match other funds from federal, state, or private resources for housing projects; or

(4) provide down payment assistance, rental assistance, and homebuyer counseling services.

Subd. 4. **Funding.** (a) A local government may finance its local or regional housing trust fund with any money available to the local government, unless expressly prohibited by state law. Sources of these funds include, but are not limited to:

(1) donations;

(2) bond proceeds;

(3) grants and loans from a state, federal, or private source;

(4) appropriations by a local government to the fund;

(5) investment earnings of the fund; and

(6) housing and redevelopment authority levies.

(b) The local government may alter a source of funding for the local or regional housing trust fund, but only if, once altered, sufficient funds will exist to cover the projected debts or expenditures authorized by the fund in its budget.

Subd. 5. **Reports.** A local or regional housing trust fund established under this section must report annually to the local government that created the fund. The local government or governments must post this report on its public Web site.

Subd. 6. **Effect of legislation on existing local or regional housing trust funds.** A local or regional housing trust fund existing on the effective date of this section is not required to alter the existing terms of its governing documents or take any additional authorizing actions required by subdivision 2.

## Sec. 9. **MINNESOTA HOUSING FINANCE AGENCY REPORT.**

By September 30, 2017, and September 30, 2018, the Housing Finance Agency shall provide to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over the agency a draft and final version of its affordable housing plan before and after it has been submitted to the agency board for consideration. The affordable housing plan must include information on the availability of funds within the Housing Affordability Fund, or Pool 3, the anticipated uses of those funds, and the prior year's actual uses of those funds.

**ARTICLE 12****MISCELLANEOUS POLICY**

Section 1. Laws 2014, chapter 211, section 13, as amended by Laws 2015, First Special Session chapter 1, article 7, section 1, and Laws 2016, chapter 189, article 7, section 42, is amended to read:

**Sec. 13. EFFECTIVE DATE.**

Sections 1 to 3 and 6 to 11 are effective July 1, ~~2017~~ 2020. Sections 4, 5, and 12 are effective July 1, 2014.

**EFFECTIVE DATE.** This section is effective the day following final enactment. Until July 1, 2020, 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.

**Sec. 2. AGENCY ACTIVITY AND EXPENDITURE REPORTS.**

(a) The commissioners of employment and economic development, housing finance, labor and industry, and commerce, as well as the Public Utilities Commission, must each submit a report, as described in paragraph (b), to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over their budget appropriations by October 15, 2018.

(b) The reports must include:

(1) the number of employees in each operational division and descriptions of the work of each employee;

(2) a description of the responsibilities that fall under each operational division;

(3) a detailed list of the source of all revenue, including any fees, taxes, or other revenues collected, as well as details of base budgets, including all prior appropriation riders;

(4) how much of each budgetary division appropriation passes through as grants, as well as the costs related to each grant program;

(5) a detailed description of the costs related to each budgetary division, as well as the statutory authority under which those costs are allocated; and

(6) the statutory authority for all expenditures.

Presented to the governor May 26, 2017