

CHAPTER 4--S.F.No. 1

An act relating to the operation of state government; appropriating money for the legislature, governor's office, state auditor, attorney general, secretary of state, certain agencies, boards, councils, and retirement funds; changing provisions in state government operations; changing provisions in military affairs and veterans affairs, campaign finance, and elections; providing for the sale and regulation of intoxicating liquor; amending Minnesota Statutes 2016, sections 3.305, subdivision 1; 3.8843, subdivision 7; 3.971, subdivisions 2, 6; 3.972, by adding a subdivision; 3.98, subdivisions 1, 4; 3.987, subdivision 1; 6.481, subdivisions 3, 6; 6.56, subdivision 2; 6.581, subdivision 4; 10A.01, subdivisions 12, 16; 10A.025, subdivision 1a; 10A.04, by adding a subdivision; 10A.071, subdivision 1; 10A.09, subdivisions 5, 6; 10A.15, by adding a subdivision; 10A.20, subdivision 3; 10A.25, subdivision 2; 10A.27, by adding subdivisions; 10A.31, by adding a subdivision; 10A.323; 15.0145, subdivision 5; 15A.083, subdivisions 6a, 7; 16A.90; 16B.055, subdivision 1; 16B.2405; 16B.4805, subdivision 2; 16E.0466; 43A.17, subdivision 11; 43A.24, by adding a subdivision; 85.0505, by adding a subdivision; 138.081; 138.665, subdivisions 2, 3; 138.69; 155A.30, subdivision 5; 190.19, subdivisions 2, 2a; 196.05, subdivision 1; 197.236, subdivision 9; 197.791, subdivisions 2, 3, 4, 5, 5a; 270.44; 270.45; 290.0681, subdivisions 1, 2, 7, 9; 340A.22, subdivisions 1, 2; 340A.24, subdivision 3; 340A.28, subdivision 1; 340A.301, by adding a subdivision; 340A.315, subdivision 7; 340A.504, subdivision 6; 349A.08, subdivision 2; 349A.10, subdivision 6; 352D.06, subdivision 1; 353.27, subdivision 3c; 353.505; 471.193, subdivision 6; 508.12, subdivision 1; 518A.79, by adding a subdivision; Laws 1999, chapter 202, section 13, as amended; Laws 2016, chapter 127, section 8; Laws 2017, chapter 21, sections 1, subdivision 2; 3, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 3; 6; 10A; 15; 16B; 118A; 134A; 197; 206; 270; 340A; repealing Minnesota Statutes 2016, sections 6.581, subdivision 1; 204B.48; 349A.08, subdivision 3; Laws 2001, chapter 193, section 10, as amended; Laws 2013, chapter 137, article 4, section 6; Minnesota Rules, parts 4501.0300, subpart 3; 4501.0500, subpart 2; 4503.0200, subpart 6; 4503.0300, subpart 4; 4503.0400, subpart 1; 4503.0500, subparts 5, 8; 4503.0700, subparts 2, 3; 4503.1300, subpart 5; 4503.1400, subparts 8, 9; 4503.1450, subparts 1, 3; 4503.1600; 4503.1700; 4503.1800; 4505.0100, subpart 3; 4505.0900, subparts 2, 3, 4, 5, 6, 7; 4511.0500, subpart 2; 4512.0100, subparts 2, 4, 5; 4525.0210, subpart 1.

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

ARTICLE 1**STATE GOVERNMENT APPROPRIATIONS****Section 1. APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "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.

<u>APPROPRIATIONS</u> <u>Available for the Year</u> <u>Ending June 30</u>	
2018	2019

Sec. 2. LEGISLATURE

Subdivision 1. Total Appropriation	\$	<u>82,193,000</u>	\$	<u>82,169,000</u>
---	-----------	--------------------------	-----------	--------------------------

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>82,065,000</u>	<u>82,041,000</u>
<u>Health Care Access</u>	<u>128,000</u>	<u>128,000</u>

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

<i>Subd. 2. Senate</i>	32,299,000	32,105,000
------------------------	------------	------------

***(The preceding subdivision was indicated as vetoed by the governor.)**

<i>Subd. 3. House of Representatives</i>	32,383,000	32,383,000
--	------------	------------

***(The preceding subdivision was indicated as vetoed by the governor.)**

Subd. 4. Legislative Coordinating Commission	17,511,000	17,681,000
---	------------	------------

Appropriations by Fund

<u>General</u>	<u>17,383,000</u>	<u>17,553,000</u>
Health Care Access	128,000	128,000

Appropriations provided by this subdivision may be used for designated staff to support the following offices and commissions: Office of the Legislative Auditor; Office of the Revisor of Statutes; Legislative Reference Library; Geographic Information Services; Legislative Budget Office; Legislative-Citizen Commission on Minnesota Resources; Legislative Commission on Pensions and Retirement; Legislative Water Commission; Mississippi River Parkway

Commission; Legislative Energy Commission; and the Lessard-Sams Outdoor Heritage Council. The operation of all other joint offices and commissions must be supported by the central administrative staff of the Legislative Coordinating Commission. This appropriation may additionally be used for central administrative staff to support the work of the Economic Status of Women Advisory Committee.

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

The base for the Legislative Budget Office is \$818,000 for fiscal year 2020 and each year thereafter.

Legislative Auditor. \$6,744,000 the first year and \$6,564,000 the second year are for the Office of the Legislative Auditor.

Of these amounts, \$130,000 the first year is for the transit financial activity reviews required by Minnesota Statutes, section 3.972, subdivision 4.

No later than January 15, 2018, the legislative auditor must complete an assessment of the adequacy of the county audits performed by the state auditor in calendar year 2016. The standards for conducting the assessment must be identical to those described in the report of the state auditor dated March 2017, titled "Assessing the Adequacy of 2015 County Audits Performed by Private CPA Firms."

Revisor of Statutes. \$6,430,000 the first year and \$6,093,000 the second year are for the Office of the Revisor of Statutes.

Of these amounts, \$250,000 in the first year is for upgrades and repairs to the information technology data center located in the State Office Building.

Legislative Reference Library. \$1,622,000 the first year and \$1,445,000 the second year are for the Legislative Reference Library.

Of these amounts, \$177,000 the first year is for the digital preservation of audio recordings

documenting committee hearings and floor sessions of the legislature.

Sec. 3. GOVERNOR AND LIEUTENANT GOVERNOR

\$ 3,616,000 \$ 3,616,000

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

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

Sec. 4. STATE AUDITOR

Subdivision 1. Total Appropriation \$ 9,748,000 \$ 10,037,000

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

Subd. 2. Audit Practice 7,449,000 7,694,000

Subd. 3. Legal and Special Investigations 344,000 344,000

Subd. 4. Government Information 702,000 746,000

Subd. 5. Pension Oversight 485,000 485,000

Subd. 6. Operations Management 488,000 488,000

Subd. 7. Constitutional Office 280,000 280,000

Sec. 5. ATTORNEY GENERAL

Subdivision 1. Total Appropriation \$ 24,925,000 \$ 24,925,000

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>22,125,000</u>	<u>22,125,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>2,405,000</u>	<u>2,405,000</u>
<u>Environmental</u>	<u>145,000</u>	<u>145,000</u>

<u>Remediation</u>	<u>250,000</u>	<u>250,000</u>
--------------------	----------------	----------------

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

<u>Subd. 2. Government Legal Services</u>	<u>3,948,000</u>	<u>3,948,000</u>
--	------------------	------------------

<u>Subd. 3. Regulatory Law and Professions</u>	<u>5,182,000</u>	<u>5,182,000</u>
---	------------------	------------------

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>2,403,000</u>	<u>2,403,000</u>
<u>State Government Special Revenue</u>	<u>2,384,000</u>	<u>2,384,000</u>
<u>Environmental</u>	<u>250,000</u>	<u>250,000</u>
<u>Remediation</u>	<u>145,000</u>	<u>145,000</u>

<u>Subd. 4. State Government Services</u>	<u>6,654,000</u>	<u>6,654,000</u>
--	------------------	------------------

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>6,633,000</u>	<u>6,633,000</u>
<u>State Government Special Revenue</u>	<u>21,000</u>	<u>21,000</u>

<u>Subd. 5. Civil Law Section</u>	<u>3,254,000</u>	<u>3,254,000</u>
--	------------------	------------------

<u>Subd. 6. Civil Litigation</u>	<u>1,617,000</u>	<u>1,617,000</u>
---	------------------	------------------

<u>Subd. 7. Administrative Operations</u>	<u>4,270,000</u>	<u>4,270,000</u>
--	------------------	------------------

Sec. 6. **SECRETARY OF STATE**

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>13,631,000</u>	<u>\$</u>	<u>6,742,000</u>
--	-----------	-------------------	-----------	------------------

The base for fiscal year 2020 is \$6,631,000 and
the base for fiscal year 2021 is \$6,631,000.

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

<u>Subd. 2. Administration</u>	<u>642,000</u>	<u>655,000</u>
---------------------------------------	----------------	----------------

<u>Subd. 3. Safe at Home</u>	<u>659,000</u>	<u>676,000</u>
<u>Subd. 4. Business Services</u>	<u>1,750,000</u>	<u>1,502,000</u>
<u>Subd. 5. Elections</u>	<u>10,580,000</u>	<u>3,909,000</u>

Of these amounts, \$7,000,000 the first year is for election equipment grants under Minnesota Statutes, section 206.95. This appropriation is available until June 30, 2020.

<u>Sec. 7. CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD</u>	<u>\$</u>	<u>1,036,000</u>	<u>\$</u>	<u>1,044,000</u>
--	-----------	------------------	-----------	------------------

<u>Sec. 8. STATE BOARD OF INVESTMENT</u>	<u>\$</u>	<u>139,000</u>	<u>\$</u>	<u>139,000</u>
---	-----------	----------------	-----------	----------------

Sec. 9. **ADMINISTRATIVE HEARINGS**

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>8,184,000</u>	<u>\$</u>	<u>8,186,000</u>
--	-----------	------------------	-----------	------------------

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>397,000</u>	<u>399,000</u>
<u>Workers' Compensation</u>	<u>7,787,000</u>	<u>7,787,000</u>

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

<u>Subd. 2. Campaign Violations</u>	<u>115,000</u>	<u>115,000</u>
--	----------------	----------------

These amounts are for the cost of considering complaints filed under Minnesota Statutes, section 211B.32. These amounts may be used in either year of the biennium.

<u>Subd. 3. Data Practices</u>	<u>20,000</u>	<u>22,000</u>
---------------------------------------	---------------	---------------

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

<u>Subd. 4. Municipal Boundary Adjustments</u>	<u>262,000</u>	<u>262,000</u>
---	----------------	----------------

Sec. 10. OFFICE OF MN.IT SERVICES

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>2,642,000</u>	<u>\$</u>	<u>2,662,000</u>
--	-----------	------------------	-----------	------------------

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

The state chief information officer must prioritize use of appropriations provided by this section to enhance cybersecurity across state government.

<u>Subd. 2. State Chief Information Officer</u>	<u>1,336,000</u>	<u>1,356,000</u>
--	------------------	------------------

The commissioner of management and budget is authorized to provide cash flow assistance of up to \$110,000,000 from the special revenue fund or other statutory general funds as defined in Minnesota Statutes, section 16A.671, subdivision 3, paragraph (a), to the Office of MN.IT Services for the purpose of managing revenue and expenditure differences. These funds shall be repaid with interest by the end of the fiscal year 2019 closing period.

During the biennium ending June 30, 2019, the Office of MN.IT Services must not charge fees to a public noncommercial educational television broadcast station eligible for funding under Minnesota Statutes, chapter 129D, for access to the state broadcast infrastructure. If the access fees not charged to public noncommercial educational television broadcast stations total more than \$400,000 for the biennium, the office may charge for access fees in excess of these amounts.

<u>Subd. 3. Geospatial Information Office</u>	<u>871,000</u>	<u>871,000</u>
--	----------------	----------------

<u>Subd. 4. Enterprise IT Security</u>	<u>435,000</u>	<u>435,000</u>
---	----------------	----------------

Sec. 11. ADMINISTRATION

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>24,395,000</u>	<u>\$</u>	<u>23,817,000</u>
--	-----------	-------------------	-----------	-------------------

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

Subd. 2. Government and Citizen Services9,628,0009,400,000

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 administration under the rates and mechanism specified in that agreement.

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

Olmstead Plan. \$148,000 each year is for the Olmstead plan.

Continuous Improvement Program. \$417,000 the first year and \$418,000 the second year are for the continuous improvement program.

Materials Management. \$2,408,000 the first year and \$2,409,000 the second year are for materials management.

Plant Management. \$438,000 each year is for plant management.

Real Estate and Construction Services. \$2,763,000 the first year and \$2,811,000 the second year are for real estate and construction services.

Enterprise Real Property. \$711,000 the first year and \$717,000 the second year are for enterprise real property.

Small Agency Resource Team (SmART). \$466,000 the first year and \$467,000 the second year are for the small agency resource team.

State Agency Accommodation Reimbursement. \$200,000 the first year and \$200,000 the second year are credited to the accommodation account established in Minnesota Statutes, section 16B.4805.

Community Services. \$2,003,000 the first year and \$1,718,000 the second year are for community services.

(a) \$215,000 the first year and \$215,000 the second year are for the state archaeologist.

(b) \$525,000 the first year and \$525,000 the second year are for information policy analysis.

(c) \$737,000 the first year and \$737,000 the second year are for the state demographer. Of this amount, \$190,000 each year is for the 2020 census.

(d) \$130,000 the first year and \$130,000 the second year are for the Office of Grants Management.

(e) \$300,000 the first year is for the State Historic Preservation Office. The base is \$200,000 in fiscal year 2020 and each year thereafter.

(f) \$96,000 the first year and \$111,000 the second year are for operating adjustments and may be transferred to activities under paragraphs (a) to (d).

Subd. 3. Strategic Management Services

2,212,000

2,245,000

Executive Leadership/Partnerships. \$702,000 the first year and \$719,000 the second year are for executive leadership/partnerships.

School Trust Lands Director. \$185,000 each year is for school trust lands director.

Financial Management and Reporting. \$871,000 the first year and \$884,000 the second year are for financial management and reporting.

Human Resources. \$454,000 the first year and \$457,000 the second year are for human resources.

Subd. 4. Fiscal Agent

12,555,000

12,172,000

In-Lieu of Rent. \$9,374,000 the first year and \$9,391,000 the second year are for space costs of the legislature and veterans organizations, ceremonial space, and statutorily free space.

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

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

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

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

(b) \$117,000 the first year and \$117,000 the second year are for equipment grants to public educational radio stations. This appropriation may be used for the repair, rental, and purchase of equipment including equipment under \$500.

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

(d) \$400,000 the first year is for a grant to Minnesota Public Radio, Inc. for upgrades to Minnesota's Emergency Alert and AMBER Alert Systems.

(e) The appropriations in paragraphs (a) to (d) may not be used for indirect costs claimed by an institution or governing body.

(f) The commissioner of administration must consider the recommendations of the Association of Minnesota Public Educational Radio Stations before awarding grants under Minnesota Statutes, section 129D.14, using the appropriations in paragraphs (a) and (b). No grantee is eligible for a grant unless they are a member of the Association of Minnesota Public Educational Radio Stations on or before July 1, 2017.

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

(h) \$162,000 each year is for transfer to 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.

Sec. 12. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD

\$

347,000 \$350,000

Sec. 13. MINNESOTA MANAGEMENT AND BUDGET

\$

25,497,000 \$26,076,000

Subdivision 1. Appropriations

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

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 management and budget under the rates and mechanism specified in that agreement.

Subd. 2. Accounting Services

5,060,0005,060,000

Subd. 3. Budget Services

3,443,0003,443,000

Subd. 4. Economic Analysis

548,000548,000

Subd. 5. Debt Management

475,000475,000

Subd. 6. Enterprise Communications and Planning

1,074,0001,074,000

Subd. 7. Enterprise Human Resources

3,469,0003,469,000

Subd. 8. Labor Relations

1,123,0001,123,000

Subd. 9. Agency Administration

10,305,00010,884,000

(a) \$632,000 the first year and \$1,204,000 the second year are for operating adjustments and may be transferred to any other activity under this section.

(b) \$1,165,000 the first year and \$1,172,000 the second year are for system security and risk management. The base is \$922,000 in fiscal year 2020 and each year thereafter.

Sec. 14. **REVENUE**

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>153,506,000</u>	<u>\$</u>	<u>157,401,000</u>
--	------------------	---------------------------	------------------	---------------------------

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>149,270,000</u>	<u>153,165,000</u>
<u>Health Care Access</u>	<u>1,749,000</u>	<u>1,749,000</u>
<u>Highway User Tax</u>		
<u>Distribution</u>	<u>2,184,000</u>	<u>2,184,000</u>
<u>Environmental</u>	<u>303,000</u>	<u>303,000</u>

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 revenue under the rates and mechanism specified in that agreement. This section is not effective until the day following enactment of First Special Session 2017, House File No. 1.

<u>Subd. 2. Tax System Management</u>		<u>124,890,000</u>		<u>128,785,000</u>
--	--	---------------------------	--	---------------------------

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>120,654,000</u>	<u>124,549,000</u>
<u>Health Care Access</u>	<u>1,749,000</u>	<u>1,749,000</u>
<u>Highway User Tax</u>		
<u>Distribution</u>	<u>2,184,000</u>	<u>2,184,000</u>

<u>Environmental</u>	<u>303,000</u>	<u>303,000</u>
----------------------	----------------	----------------

(a) Operations Support

<u>General</u>	<u>10,134,000</u>	<u>10,134,000</u>
----------------	-------------------	-------------------

<u>Health Care Access</u>	<u>126,000</u>	<u>126,000</u>
---------------------------	----------------	----------------

(b) Appeals, Legal Services, and Tax Research

<u>General</u>	<u>7,251,000</u>	<u>7,251,000</u>
----------------	------------------	------------------

<u>Health Care Access</u>	<u>113,000</u>	<u>113,000</u>
---------------------------	----------------	----------------

(c) Payment and Return Processing

<u>General</u>	<u>13,177,000</u>	<u>13,177,000</u>
----------------	-------------------	-------------------

<u>Health Care Access</u>	<u>51,000</u>	<u>51,000</u>
---------------------------	---------------	---------------

<u>Highway User Tax Distribution</u>	<u>343,000</u>	<u>343,000</u>
--------------------------------------	----------------	----------------

(d) Administration of State Taxes

<u>General</u>	<u>57,408,000</u>	<u>57,248,000</u>
----------------	-------------------	-------------------

<u>Health Care Access</u>	<u>1,407,000</u>	<u>1,407,000</u>
---------------------------	------------------	------------------

<u>Highway User Tax Distribution</u>	<u>1,621,000</u>	<u>1,621,000</u>
--------------------------------------	------------------	------------------

<u>Environmental</u>	<u>303,000</u>	<u>303,000</u>
----------------------	----------------	----------------

(1) \$160,000 from the general fund in the first year is for administration of a first-time home buyer savings account program. This appropriation is canceled to the general fund if income tax provisions related to first-time home buyer savings accounts are not enacted by law at the 2017 regular or special legislative session.

(2) \$400,000 in fiscal year 2018 and \$400,000 in fiscal year 2019 from the general fund are for grants to one or more nonprofit organizations, qualifying under section 501(c)(3) of the Internal Revenue Code of 1986, to coordinate, facilitate, encourage, and aid in the provision of taxpayer assistance services. The unencumbered balance in the first year does not cancel but is available for the second year.

For purposes of this appropriation, "taxpayer assistance services" means accounting and tax preparation services provided by volunteers to

low-income, elderly, and disadvantaged Minnesota residents to help them file federal and state income tax returns, Minnesota property tax refund claims, and to provide personal representation before the Department of Revenue and Internal Revenue Service.

For the fiscal year 2020-2021 biennial budget, the commissioner must develop a budget structure that reflects actual spending to the budget activity level. This detail must be available in the Budget Planning and Analysis System.

(e) Technology Development, Implementation, and Support

<u>General</u>	<u>22,784,000</u>	<u>22,784,000</u>
<u>Health Care Access</u>	<u>52,000</u>	<u>52,000</u>
<u>Highway User Tax Distribution</u>	<u>220,000</u>	<u>220,000</u>

(f) Property Tax Administration and State Aid

<u>General</u>	<u>4,173,000</u>	<u>4,173,000</u>
----------------	------------------	------------------

(g) Effective and Efficient Tax Service

<u>5,727,000</u>	<u>9,782,000</u>
------------------	------------------

These appropriations are for increased operation costs. The commissioner may transfer money in these appropriations to other activities in this subdivision.

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

Sec. 15. <u>HUMAN RIGHTS</u>	<u>\$</u>	<u>4,393,000</u>	<u>\$</u>	<u>4,580,000</u>
-------------------------------------	-----------	------------------	-----------	------------------

Sec. 16. <u>GAMBLING CONTROL</u>	<u>\$</u>	<u>3,422,000</u>	<u>\$</u>	<u>3,457,000</u>
---	-----------	------------------	-----------	------------------

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

Sec. 17. <u>RACING COMMISSION</u>	<u>\$</u>	<u>845,000</u>	<u>\$</u>	<u>908,000</u>
--	-----------	----------------	-----------	----------------

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

Sec. 18. STATE LOTTERY

Notwithstanding Minnesota Statutes, section 349A.10, subdivision 3, the State Lottery's operating budget must not exceed \$32,500,000 in fiscal year 2018 and \$33,000,000 in fiscal year 2019.

Sec. 19. <u>AMATEUR SPORTS COMMISSION</u>	<u>\$</u>	<u>303,000</u>	<u>\$</u>	<u>305,000</u>
--	------------------	-----------------------	------------------	-----------------------

Sec. 20. <u>COUNCIL ON MINNESOTANS OF AFRICAN HERITAGE</u>	<u>\$</u>	<u>403,000</u>	<u>\$</u>	<u>406,000</u>
---	------------------	-----------------------	------------------	-----------------------

Sec. 21. <u>COUNCIL ON LATINO AFFAIRS</u>	<u>\$</u>	<u>477,000</u>	<u>\$</u>	<u>494,000</u>
--	------------------	-----------------------	------------------	-----------------------

Sec. 22. <u>COUNCIL ON ASIAN-PACIFIC MINNESOTANS</u>	<u>\$</u>	<u>457,000</u>	<u>\$</u>	<u>464,000</u>
---	------------------	-----------------------	------------------	-----------------------

Sec. 23. <u>INDIAN AFFAIRS COUNCIL</u>	<u>\$</u>	<u>580,000</u>	<u>\$</u>	<u>584,000</u>
---	------------------	-----------------------	------------------	-----------------------

Sec. 24. MINNESOTA HISTORICAL SOCIETY

Subdivision 1. <u>Total Appropriation</u>	<u>\$</u>	<u>23,393,000</u>	<u>\$</u>	<u>23,893,000</u>
--	------------------	--------------------------	------------------	--------------------------

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

Subd. 2. <u>Operations and Programs</u>	<u>23,072,000</u>	<u>23,572,000</u>
--	--------------------------	--------------------------

\$750,000 the first year and \$750,000 the second year are for digital preservation and access, including planning and implementation of a program to preserve and make available resources related to Minnesota history. These are onetime appropriations.

Subd. 3. Fiscal Agent

(a) <u>Global Minnesota</u>	<u>39,000</u>	<u>39,000</u>
-----------------------------	----------------------	----------------------

(b) <u>Minnesota Air National Guard Museum</u>	<u>17,000</u>	<u>17,000</u>
--	----------------------	----------------------

(c) <u>Minnesota Military Museum</u>	<u>50,000</u>	<u>50,000</u>
--------------------------------------	----------------------	----------------------

<u>(d) Farmamerica</u>	<u>115,000</u>	<u>115,000</u>
<u>(e) Hockey Hall of Fame</u>	<u>100,000</u>	<u>100,000</u>

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

Sec. 25. **BOARD OF THE ARTS**

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>7,534,000</u>	<u>\$</u>	<u>7,539,000</u>
--	------------------	-------------------------	------------------	-------------------------

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

<u>Subd. 2. Operations and Services</u>	<u>595,000</u>	<u>600,000</u>
--	----------------	----------------

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

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

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

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

<u>Sec. 26. MINNESOTA HUMANITIES CENTER</u>	<u>\$</u>	<u>950,000</u>	<u>\$</u>	<u>950,000</u>
--	------------------	-----------------------	------------------	-----------------------

(a) \$325,000 each year is for the Healthy Eating, Here at Home program under Minnesota Statutes, section 138.912. No more than three percent of the appropriation may be used for the nonprofit administration of this program.

(b) \$250,000 each year is for grants to the Veterans Defense Project. Grants must be used to support, through education and outreach, military veterans who are involved with the criminal justice system. These are onetime appropriations.

<u>Sec. 27. BOARD OF ACCOUNTANCY</u>	<u>\$</u>	<u>645,000</u>	<u>\$</u>	<u>649,000</u>
---	------------------	-----------------------	------------------	-----------------------

**Sec. 28. BOARD OF ARCHITECTURE
ENGINEERING, LAND SURVEYING,
LANDSCAPE ARCHITECTURE, GEOSCIENCE,
AND INTERIOR DESIGN**

\$	<u>799,000</u>	\$	<u>804,000</u>
----	----------------	----	----------------

**Sec. 29. BOARD OF COSMETOLOGIST
EXAMINERS**

\$	<u>2,775,000</u>	\$	<u>2,785,000</u>
----	------------------	----	------------------

The executive director must report quarterly to the chairs and ranking minority members of the committees in the house of representatives and senate with jurisdiction over state government finance on the number of inspections conducted by license type in the past quarter, number and percent of total salons and schools inspected within the last year, total number of licensees by type, and the number of inspectors employed by the board. The first report must be submitted by July 15, 2017.

Sec. 30. BOARD OF BARBER EXAMINERS

\$	<u>341,000</u>	\$	<u>343,000</u>
----	----------------	----	----------------

Sec. 31. GENERAL CONTINGENT ACCOUNTS

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

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>500,000</u>	<u>-0-</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>400,000</u>	<u>400,000</u>
<u>Workers'</u>		
<u>Compensation</u>	<u>100,000</u>	<u>100,000</u>

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

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

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

Sec. 32. <u>TORT CLAIMS</u>	<u>\$</u>	<u>161,000</u>	<u>\$</u>	<u>161,000</u>
------------------------------------	------------------	-----------------------	------------------	-----------------------

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

Sec. 33. MINNESOTA STATE RETIREMENT SYSTEM

Subdivision 1. <u>Total Appropriation</u>	<u>\$</u>	<u>14,893,000</u>	<u>\$</u>	<u>15,071,000</u>
--	------------------	--------------------------	------------------	--------------------------

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

Subd. 2. <u>Combined Legislators and Constitutional Officers Retirement Plan</u>		<u>8,893,000</u>		<u>9,071,000</u>
---	--	-------------------------	--	-------------------------

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

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

Subd. 3. <u>Judges Retirement Plan</u>		<u>6,000,000</u>		<u>6,000,000</u>
---	--	-------------------------	--	-------------------------

For transfer to the judges retirement fund under Minnesota Statutes, section 490.123. \$6,000,000 each fiscal year is included in the base for fiscal years 2020 and 2021. This transfer continues each fiscal year until the judges retirement plan reaches 100 percent funding as determined by an actuarial valuation prepared according to Minnesota Statutes, section 356.214.

Sec. 34. <u>PUBLIC EMPLOYEES RETIREMENT ASSOCIATION</u>	<u>\$</u>	<u>16,000,000</u>	<u>\$</u>	<u>16,000,000</u>
--	------------------	--------------------------	------------------	--------------------------

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

State payments from the general fund to the Public Employees Retirement Association on behalf of the former MERF division account are \$16,000,000 on September 15, 2017, and \$16,000,000 on September 15, 2018.

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

Sec. 35. TEACHERS RETIREMENT ASSOCIATION

\$ 29,831,000 \$ 29,831,000

The amounts estimated to be needed are as follows:

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

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

Sec. 36. ST. PAUL TEACHERS RETIREMENT FUND

\$ 9,827,000 \$ 9,827,000

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

Sec. 37. MILITARY AFFAIRS

Subdivision 1. Total Appropriation

\$ 24,836,000 \$ 22,920,000

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

Subd. 2. Maintenance of Training Facilities

9,677,000 9,694,000

Of the funds transferred to maintenance of training facilities in Laws 2015, chapter 77, article 1, section 36, subdivision 4, \$2,000,000 in fiscal year 2017 may be transferred to the enlistment incentives appropriation to address a projected fiscal year 2017 deficit in the enlistment incentives program.

Subd. 3. <u>General Support</u>	<u>3,090,000</u>	<u>3,114,000</u>
Subd. 4. <u>Enlistment Incentives</u>	<u>12,069,000</u>	<u>10,112,000</u>

The appropriations in this subdivision are available until June 30, 2021, except that any unspent amounts allocated to a program otherwise supported by this appropriation are canceled to the general fund upon receipt of federal funds in the same amount to support administration of that program.

If appropriations for either year of the biennium are insufficient, the appropriation from the other year is available.

Sec. 38. **VETERANS AFFAIRS**

Subdivision 1. <u>Total Appropriation</u>	<u>\$ 75,010,000</u>	<u>\$ 75,497,000</u>
--	-----------------------------	-----------------------------

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

Subd. 2. <u>Veterans Programs and Services</u>	<u>17,375,000</u>	<u>17,440,000</u>
---	-------------------	-------------------

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

Minnesota Assistance Council for Veterans. \$750,000 each year is for a grant to the Minnesota Assistance Council for Veterans to provide assistance throughout Minnesota to veterans and

their families who are homeless or in danger of homelessness, including assistance with the following:

(1) utilities;

(2) employment; and

(3) legal issues.

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

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

Minnesota GI Bill. \$200,000 each year is for the costs of administering the Minnesota GI Bill postsecondary educational benefits, on-the-job training, and apprenticeship program under Minnesota Statutes, section 197.791.

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

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

Veterans Journey Home. \$350,000 each year is for grants to the veterans Journey Home program. Grants must support the development of new or rehabilitated affordable housing dedicated for low-to-moderate income veterans and their families. These are onetime appropriations.

Subd. 3. Veterans Health Care

57,635,000

58,057,000

The general fund appropriations made to the department may be transferred to a veterans homes special revenue account in the special revenue fund in the same manner as other receipts are

deposited according to Minnesota Statutes, section 198.34, and are appropriated to the department for the operation of veterans homes facilities and programs.

No later than January 15, 2018, the commissioner must submit a report to the legislative committees with jurisdiction over veterans affairs and state government finance on reserve amounts maintained in the veterans homes special revenue account. The report must detail current and historical amounts maintained as a reserve, and uses of those amounts. The report must also include data on the utilization of existing veterans homes, including current and historical bed capacity and usage, staffing levels and staff vacancy rates, and staff-to-resident ratios.

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

Sec. 39. **APPROPRIATION CANCELLATIONS.**

All unspent funds estimated to be \$7,166,000, as provided in Minnesota Statutes, section 240A.085, under Laws 2016, chapter 189, article 13, section 56, are canceled to the general fund on June 30, 2017.

Sec. 40. **APPROPRIATION TRANSFERS.**

A commissioner of an executive branch agency receiving appropriations within this article may transfer appropriations for staff positions, salaries, and technology within the agency to meet its statutory obligations. The commissioner shall inform the chairs and ranking minority members of the committees in the house of representatives and senate with jurisdiction over state government and veterans finance quarterly about transfers made under this section.

Sec. 41. **DATA COMPLAINTS; DEFICIENCY.**

\$34,000 in fiscal year 2017 is appropriated from the general fund to the Office of Administrative Hearings for the cost of considering complaints filed under Minnesota Statutes, section 211B.32, and for the cost of considering data practices complaints filed under Minnesota Statutes, section 13.085.

Sec. 42. SAVINGS FROM INSURANCE OPT OUT; APPROPRIATION REDUCTION FOR EXECUTIVE AGENCIES.

The commissioner of management and budget must reduce general fund appropriations to executive agencies, including constitutional offices, for agency operations for the biennium ending June 30, 2019, by \$4,012,000 due to savings from permitting employees to opt out of insurance coverage under the state employee group insurance coverage.

If savings obtained through permitting employees to opt out of insurance coverage under the state employee group insurance coverage yield savings in nongeneral funds other than those established in the state constitution or protected by federal law, the commissioner of management and budget may transfer the amount of savings to the general fund. The amount transferred to the general fund from other funds reduces the required general fund reduction in this section. Reductions made in 2019 must be reflected as reductions in agency base budgets for fiscal years 2020 and 2021. The commissioner of management and budget must report to the chairs and ranking minority members of the committees in the senate Finance Committee and the house of representatives Ways and Means Committee regarding the amount of reductions in spending by each agency under this section.

Sec. 43. BASE BUDGET REPORT.

No later than October 15, 2017, the commissioners of management and budget, revenue, and veterans affairs must each submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over state government finance that detail the agency's base budget, by fiscal year. At a minimum, the report must include:

(1) a description of each appropriation rider enacted for the agency, and the year the rider was first enacted in a substantially similar form;

(2) a description of the agency's use of appropriated funds that are not directed by a rider, including an itemization of programs that appeared in a rider in a prior biennium and continue to receive funding despite no longer appearing in a rider; and

(3) an itemization of any appropriations provided to the agency under a provision of statute or the state constitution.

ARTICLE 2**STATE GOVERNMENT OPERATIONS**

Section 1. Minnesota Statutes 2016, section 3.305, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) "Legislative commission" means a joint commission, committee, or other entity in the legislative branch composed exclusively of members of the senate and the house of representatives.

(b) "Joint offices" means the Revisor of Statutes, Legislative Reference Library, the Office of Legislative Auditor, the Legislative Budget Office, and any other joint legislative service office.

EFFECTIVE DATE. This section is effective January 8, 2019.

Sec. 2. Minnesota Statutes 2016, section 3.8843, subdivision 7, is amended to read:

Subd. 7. **Expiration.** This section expires June 30, ~~2017~~ 2019.

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

Sec. 3. **[3.8853] LEGISLATIVE BUDGET OFFICE.**

Subdivision 1. **Establishment; duties.** The Legislative Budget Office is established under control of the Legislative Coordinating Commission to provide the house of representatives and senate with nonpartisan, accurate, and timely information on the fiscal impact of proposed legislation, without regard to political factors.

Subd. 2. **Staff.** The Legislative Coordinating Commission must appoint a director who may hire staff necessary to do the work of the office. The director serves a term of six years and may not be removed during a term except for cause.

EFFECTIVE DATE. This section is effective January 8, 2019.

Sec. 4. Minnesota Statutes 2016, section 3.971, subdivision 2, is amended to read:

Subd. 2. **Staff; compensation.** (a) The legislative auditor shall establish a Financial Audits Division and a Program Evaluation Division to fulfill the duties prescribed in this section.

(b) Each division may be supervised by a deputy auditor, appointed by the legislative auditor, with the approval of the commission, for a term coterminous with the legislative auditor's term. The deputy auditors may be removed before the expiration of their terms only for cause. The legislative auditor and deputy auditors may each appoint a confidential secretary to serve at pleasure. The salaries and benefits of the legislative auditor, deputy auditors and confidential secretaries shall be determined by the compensation plan approved by the Legislative Coordinating Commission. The deputy auditors may perform and exercise the powers, duties and responsibilities imposed by law on the legislative auditor when authorized by the legislative auditor.

(c) The legislative auditor must appoint a fiscal oversight officer with duties that include performing the review under section 3.972, subdivision 4.

(d) The deputy auditors and the confidential secretaries serve in the unclassified civil service, but the fiscal oversight officer and all other employees of the legislative auditor are in the classified civil service. Compensation for employees of the legislative auditor in the classified service shall be governed by a plan prepared by the legislative auditor and approved by the Legislative Coordinating Commission and the legislature under section 3.855, subdivision 3.

(e) While in office, a person appointed deputy for the Financial Audit Division must hold an active license as a certified public accountant.

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

Sec. 5. Minnesota Statutes 2016, section 3.971, subdivision 6, is amended to read:

Subd. 6. **Financial audits.** The legislative auditor shall audit the financial statements of the state of Minnesota required by section 16A.50 and, as resources permit, Minnesota State Colleges and Universities, the University of Minnesota, state agencies, departments, boards, commissions,

offices, courts, and other organizations subject to audit by the legislative auditor, including, but not limited to, the State Agricultural Society, Agricultural Utilization Research Institute, Enterprise Minnesota, Inc., Minnesota Historical Society, ClearWay Minnesota, Minnesota Sports Facilities Authority, Metropolitan Council, Metropolitan Airports Commission, and Metropolitan Mosquito Control District. Financial audits must be conducted according to generally accepted government auditing standards. The legislative auditor shall see that all provisions of law respecting the appropriate and economic use of public funds and other public resources are complied with and may, as part of a financial audit or separately, investigate allegations of noncompliance.

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

Sec. 6. Minnesota Statutes 2016, section 3.972, is amended by adding a subdivision to read:

Subd. 4. Certain transit financial activity reporting. (a) The legislative auditor must perform a transit financial activity review of financial information for the Metropolitan Council's Transportation Division and the joint powers board under section 297A.992. Within 14 days of the end of each fiscal quarter, the legislative auditor must submit the review to the Legislative Audit Commission and the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance, finance, and ways and means.

(b) At a minimum, each transit financial activity review must include:

(1) a summary of monthly financial statements, including balance sheets and operating statements, that shows income, expenditures, and fund balance;

(2) a list of any obligations and agreements entered into related to transit purposes, whether for capital or operating, including but not limited to bonds, notes, grants, and future funding commitments;

(3) the amount of funds in clause (2) that has been committed;

(4) independent analysis by the fiscal oversight officer of the fiscal viability of revenues and fund balance compared to expenditures, taking into account:

(i) all expenditure commitments;

(ii) cash flow;

(iii) sufficiency of estimated funds; and

(iv) financial solvency of anticipated transit projects; and

(5) a notification concerning whether the requirements under paragraph (c) have been met.

(c) The Metropolitan Council and the joint powers board under section 297A.992 must produce monthly financial statements as necessary for the review under paragraph (b), clause (1), and provide timely information as requested by the legislative auditor.

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

Sec. 7. Minnesota Statutes 2016, section 3.98, subdivision 1, is amended to read:

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

(b) Upon request of the Legislative Budget Office, the head or chief administrative officer of each department or agency of state government, including the Supreme Court, must promptly supply all information necessary for the Legislative Budget Office to prepare an accurate and timely fiscal note.

(c) The Legislative Budget Office may adopt standards and guidelines governing timing of responses to requests for information and governing access to data, consistent with laws governing access to data. Agencies must comply with these standards and guidelines and the Legislative Budget Office must publish them on the office's Web site.

(d) For purposes of this subdivision, "Supreme Court" includes all agencies, committees, and commissions supervised or appointed by the state Supreme Court or the state court administrator.

EFFECTIVE DATE. This section is effective January 8, 2019.

Sec. 8. Minnesota Statutes 2016, section 3.98, subdivision 4, is amended to read:

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

EFFECTIVE DATE. This section is effective January 8, 2019.

Sec. 9. Minnesota Statutes 2016, section 3.987, subdivision 1, is amended to read:

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

fiscal impact based on actual cost or revenue figures, improved estimates, or both. Upon completion of the note, the ~~commissioner~~ office must provide a copy to the authors of the proposed legislation and to the chair and ranking minority member of each committee to which the proposed legislation is referred.

EFFECTIVE DATE. This section is effective January 8, 2019.

Sec. 10. Minnesota Statutes 2016, section 6.481, subdivision 3, is amended to read:

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

Sec. 11. Minnesota Statutes 2016, section 6.481, subdivision 6, is amended to read:

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

Sec. 12. Minnesota Statutes 2016, section 6.56, subdivision 2, is amended to read:

Subd. 2. **Billings by state auditor.** Upon the examination of the books, records, accounts, and affairs of any political subdivision, as provided by law, such political subdivision shall be liable to the state for the total cost and expenses of such examination, including the salaries paid to the examiners while actually engaged in making such examination. The state auditor may bill such political subdivision periodically for service rendered and the officials responsible for approving and paying claims are authorized to pay said bill promptly. Said payments shall be without prejudice to any defense against said claims that may exist or be asserted. The ~~state auditor enterprise~~ general fund shall be credited with all collections made for any such examinations, including interest payments made pursuant to subdivision 3.

Sec. 13. Minnesota Statutes 2016, section 6.581, subdivision 4, is amended to read:

Subd. 4. **Reports to legislature.** At least 30 days before implementing increased charges for examinations, the state auditor must report the proposed increases to the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over the budget of the state auditor. By January 15 of each odd-numbered year, the state auditor must report to the chairs and ranking minority members of the legislative committees and divisions with primary jurisdiction over the budget of the state auditor a summary of ~~the state auditor enterprise fund~~ and anticipated revenues, and expenditures related to examinations for the biennium ending June 30 of that year. The report must also include for the biennium the number of full-time equivalents ~~paid by the fund, by division, employed by the Office of the State Auditor,~~ any audit rate changes stated as a percentage, the number of audit reports issued, and the number of counties audited.

Sec. 14. [6.92] LITIGATION EXPENSES; LEGISLATIVE REPORT.

The state auditor must report to the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over the Office of the State Auditor by July 1, 2017, and January 1, 2018, and each January 1 thereafter, on the state auditor's expenses in preparing or asserting a civil claim or appeal, or in defending against a civil claim or appeal, related to the proper exercise of the auditor's constitutionally authorized core functions. The report must list each lawsuit the state auditor has brought or is defending, the grounds for each suit, the litigation expenses incurred since the previous report under this section, and the projected expenses to complete the suit.

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

Sec. 15. Minnesota Statutes 2016, section 15.0145, subdivision 5, is amended to read:

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

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

(c) The executive director and applicable council members must work together in fulfilling council duties. The executive director must consult with the commissioner of administration to ensure appropriate financial, purchasing, human resources, and other services for operation of the council.

(d) Once appointed, each council is responsible for supervising the work of its director. The council chair must report to the chair of the Legislative Coordinating Commission regarding the performance of the executive director, including any recommendations regarding disciplinary actions. The executive director must appoint and supervise the work of other staff necessary to carry out the duties of the council. The executive director must consult with the council chair prior to taking the following disciplinary actions with council staff: written reprimand, suspension, demotion, or discharge. The executive director and other council staff are executive branch employees.

(e) The executive director must submit the council's biennial budget request to the commissioner of management and budget as provided under chapter 16A.

(f) The Legislative Coordinating Commission may delegate its responsibilities under this section to a subcommittee or subgroup of the commission or the chair of the council.

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

Sec. 16. [15.0395] INTERAGENCY AGREEMENTS AND INTRA-AGENCY TRANSFERS.

(a) By October 15, 2018, and annually thereafter, the head of each agency must provide reports to the chairs and ranking minority members of the legislative committees with jurisdiction over the department or agency's budget on:

(1) interagency agreements or service-level agreements and any renewals or extensions of existing interagency or service-level agreements with another agency if the cumulative value of those agreements is more than \$100,000 in the previous fiscal year; and

(2) transfers of appropriations between accounts within or between agencies, if the cumulative value of the transfers is more than \$100,000 in the previous fiscal year.

The report must include the statutory citation authorizing the agreement, transfer or dollar amount, purpose, and effective date of the agreement, the duration of the agreement, and a copy of the agreement.

(b) As used in this section, "agency" includes the departments of the state listed in section 15.01, a multimember state agency in the executive branch described in section 15.012, paragraph (a), the Office of MN.IT Services, and the Office of Higher Education.

Sec. 17. Minnesota Statutes 2016, section 15A.083, subdivision 6a, is amended to read:

Subd. 6a. **Administrative law judge; salaries.** The salary of the chief administrative law judge is 98.52 percent of the salary of a chief district court judge. The salaries of the assistant chief administrative law judge and administrative law judge supervisors are 93.60 percent of the salary of a chief district court judge. The salary of an administrative law judge employed by the Office of Administrative Hearings is ~~88.67~~ 98.52 percent of the salary of a district court judge as set under section 15A.082, subdivision 3.

Sec. 18. Minnesota Statutes 2016, section 15A.083, subdivision 7, is amended to read:

Subd. 7. **Workers' Compensation Court of Appeals and compensation judges.** Salaries of judges of the Workers' Compensation Court of Appeals are 98.52 percent of the salary for district court judges. The salary of the chief judge of the Workers' Compensation Court of Appeals is 98.52 percent of the salary for a chief district court judge. Salaries of compensation judges are ~~88.67~~ 98.52 percent of the salary of district court judges. ~~The chief workers' compensation judge at the Department of Labor and Industry may be paid an annual salary that is up to five percent greater than the salary of workers' compensation settlement judges at the Department of Labor and Industry.~~

Sec. 19. Minnesota Statutes 2016, section 16A.90, is amended to read:

16A.90 EMPLOYEE GAINSHARING SYSTEM.

Subdivision 1. **Commissioner must establish program.** (a) The commissioner shall establish a program to provide onetime bonus compensation to state employees for efforts made to reduce the costs of operating state government or for ways of providing better or more efficient state services. The commissioner may authorize an executive branch appointing authority to make a onetime award to an employee or group of employees whose suggestion or involvement in a project is determined by the commissioner to have resulted in documented cost-savings to the state. Before

authorizing awards under this section, the commissioner shall establish guidelines for the program including but not limited to:

(1) the maximum award is ten percent of the documented savings in the first fiscal year in which the savings are realized up to \$50,000;

(2) the award must be paid from the appropriation to which the savings accrued; and

(3) employees whose primary job responsibility is to identify cost savings or ways of providing better or more efficient state services are generally not eligible for bonus compensation under this section except in extraordinary circumstances as defined by the commissioner.

(b) The program required by this section must be in addition to any existing monetary or nonmonetary performance-based recognition programs for state employees, including achievement awards, continuous improvement awards, and general employee recognitions.

Subd. 2. **Biannual legislative report.** No later than August 1, 2017, and biannually thereafter, the commissioner must report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over Minnesota Management and Budget on the status of the program required by this section. The report must detail:

(1) the specific program guidelines established by the commissioner as required by subdivision 1, if the guidelines have not been described in a previous report;

(2) any proposed modifications to the established guidelines under consideration by the commissioner, including the reason for the proposed modifications;

(3) the methods used by the commissioner to promote the program to state employees, if the methods have not been described in a previous report;

(4) a summary of the results of the program that includes the following, categorized by agency:

(i) the number of state employees whose suggestions or involvement in a project were considered for possible bonus compensation, and a description of each suggestion or project that was considered;

(ii) the total amount of bonus compensation actually awarded, itemized by each suggestion or project that resulted in an award and the amount awarded for that suggestion or project; and

(iii) the total amount of documented cost-savings that accrued to the agency as a result of each suggestion or project for which bonus compensation was granted; and

(5) any recommendations for legislation that, in the judgment of the commissioner, would improve the effectiveness of the bonus compensation program established by this section or which would otherwise increase opportunities for state employees to actively participate in the development and implementation of strategies for reducing the costs of operating state government or for providing better or more efficient state services.

Sec. 20. Minnesota Statutes 2016, section 16B.055, subdivision 1, is amended to read:

Subdivision 1. **Federal Assistive Technology Act.** (a) The Department of Administration is designated as the lead agency to carry out all the responsibilities under the Assistive Technology Act of 1998, as provided by Public Law 108-364, as amended. The Minnesota Assistive Technology Advisory Council is established to fulfill the responsibilities required by the Assistive Technology

Act, as provided by Public Law 108-364, as amended. Because the existence of this council is required by federal law, this council does not expire.

(b) Except as provided in paragraph (c), the governor shall appoint the membership of the council as required by the Assistive Technology Act of 1998, as provided by Public Law 108-364, as amended. After the governor has completed the appointments required by this subdivision, the commissioner of administration, or the commissioner's designee, shall convene the first meeting of the council following the appointments. Members shall serve two-year terms commencing July 1 of each odd-numbered year, and receive the compensation specified by the Assistive Technology Act of 1998, as provided by Public Law 108-364, as amended. The members of the council shall select their chair at the first meeting following their appointment.

(c) After consulting with the appropriate commissioner, the commissioner of administration shall appoint a representative from:

- (1) State Services for the Blind who has assistive technology expertise;
- (2) vocational rehabilitation services who has assistive technology expertise;
- (3) the Workforce Development Council; and
- (4) the Department of Education who has assistive technology expertise.

Sec. 21. Minnesota Statutes 2016, section 16B.2405, is amended to read:

16B.2405 CAPITOL BUILDING POWERS AND DUTIES.

Subdivision 1. **Duties.** The commissioner, upon receipt of funding for these purposes, shall:

- (1) maintain and operate the Capitol building and grounds according to section 16B.24 and other applicable law;
- (2) designate a project manager to oversee and manage predesign, design, and construction contracts and funding for all modifications to the Capitol building;
- (3) manage design and construction projects and funding for the Capitol building according to section 16B.31 and other applicable law;
- (4) lease space in the Capitol building, as provided in section 16B.24, to state agencies, constitutional officers, and the court administrator on behalf of the judicial branch and allocate space in the Capitol building to the legislative branch as determined by the commission;
- (5) provide information about the Capitol building to the commission, legislative bodies, and others as needed regarding maintenance, operation, leasing, condition assessments, design, and construction projects; and
- (6) assist the State Capitol Preservation Commission with performance of its duties as needed.

Subd. 2. **Capitol event fees; appropriation.** The commissioner may collect charges or fees from users holding events in the Capitol building. Money collected by the commissioner under this subdivision shall be deposited in a Capitol events dedicated account in the special revenue fund. Money in the dedicated account is appropriated to the commissioner of administration to recover direct costs incurred from holding events in the Capitol building. The commissioner shall report annually by August 1 on the events held in the Capitol building, the amounts collected for those

events, and the costs for operating events, to the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over finance and policy relating to the commissioner of administration.

Sec. 22. Minnesota Statutes 2016, section 16B.4805, subdivision 2, is amended to read:

Subd. 2. **Reimbursement for making reasonable accommodation.** The commissioner of administration shall reimburse state agencies for up to 50 percent of the cost of expenses incurred in making reasonable accommodations eligible for reimbursement for agency employees and applicants for employment to the extent that funds are available in the accommodation account established under subdivision 3 for this purpose.

Sec. 23. **[16B.991] TERMINATION OF GRANT.**

Each grant agreement subject to sections 16B.97 and 16B.98 must provide that the agreement will immediately be terminated if the recipient is convicted of a criminal offense relating to a state grant agreement.

Sec. 24. Minnesota Statutes 2016, section 16E.0466, is amended to read:

16E.0466 STATE AGENCY TECHNOLOGY PROJECTS.

Subdivision 1. Consultation required. (a) Every state agency with an information or telecommunications project must consult with the Office of MN.IT Services to determine the information technology cost of the project. Upon agreement between the commissioner of a particular agency and the chief information officer, the agency must transfer the information technology cost portion of the project to the Office of MN.IT Services. Service level agreements must document all project-related transfers under this section. Those agencies specified in section 16E.016, paragraph (d), are exempt from the requirements of this section.

(b) Notwithstanding section 16A.28, subdivision 3, any unexpended operating balance appropriated to a state agency may be transferred to the information and telecommunications technology systems and services account for the information technology cost of a specific project, subject to the review of the Legislative Advisory Commission, under section 16E.21, subdivision 3.

Subd. 2. **Legislative report.** No later than October 1, 2017, and annually thereafter, the state chief information officer must submit a comprehensive project portfolio report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over state government finance on projects requiring consultation under subdivision 1. The report must itemize:

- (1) each project presented to the office for consultation in the time since the last report;
 - (2) the information technology cost associated with the project, including the information technology cost as a percentage of the project's complete budget;
 - (3) the status of the information technology components of the project's development;
 - (4) the date the information technology components of the project are expected to be completed;
- and

(5) the projected costs for ongoing support and maintenance of the information technology components after the project is complete.

Sec. 25. Minnesota Statutes 2016, section 43A.17, subdivision 11, is amended to read:

Subd. 11. **Severance pay for certain employees.** (a) For purposes of this subdivision, "highly compensated employee" means an employee of the state whose estimated annual compensation is greater than 60 percent of the governor's annual salary, and who is not covered by a collective bargaining agreement negotiated under chapter 179A or a compensation plan authorized under section 43A.18, subdivision 3a.

(b) Severance pay for a highly compensated employee includes benefits or compensation with a quantifiable monetary value, that are provided for an employee upon termination of employment and are not part of the employee's annual wages and benefits and are not specifically excluded by this subdivision. Severance pay does not include payments for accumulated vacation, accumulated sick leave, and accumulated sick leave liquidated to cover the cost of group term insurance. Severance pay for a highly compensated employee does not include payments of periodic contributions by an employer toward premiums for group insurance policies. The severance pay for a highly compensated employee must be excluded from retirement deductions and from any calculations of retirement benefits. Severance pay for a highly compensated employee must be paid in a manner mutually agreeable to the employee and the employee's appointing authority over a period not to exceed five years from retirement or termination of employment. If a retired or terminated employee dies before all or a portion of the severance pay has been disbursed, the balance due must be paid to a named beneficiary or, lacking one, to the deceased's estate. Except as provided in paragraph (c), severance pay provided for a highly compensated employee leaving employment may not exceed ~~an amount equivalent to six months of pay~~ the lesser of:

(1) six months pay; or

(2) the highly compensated employee's regular rate of pay multiplied by 35 percent of the highly compensated employee's accumulated but unused sick leave hours.

(c) Severance pay for a highly compensated employee may exceed ~~an amount equivalent to six months of pay~~ the limit prescribed in paragraph (b) if the severance pay is part of an early retirement incentive offer approved by the state and the same early retirement incentive offer is also made available to all other employees of the appointing authority who meet generally defined criteria relative to age or length of service.

(d) An appointing authority may make severance payments to a highly compensated employee, up to the limits prescribed in this subdivision, only if doing so is authorized by a compensation plan under section 43A.18 that governs the employee, provided that the following highly compensated employees are not eligible for severance pay:

(1) a commissioner, deputy commissioner, or assistant commissioner of any state department or agency as listed in section 15.01 or 15.06, including the state chief information officer; and

(2) any unclassified employee who is also a public official, as defined in section 10A.01, subdivision 35.

(e) Severance pay shall not be paid to a highly compensated employee who has been employed by the appointing authority for less than six months or who voluntarily terminates employment.

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

Sec. 26. Minnesota Statutes 2016, section 43A.24, is amended by adding a subdivision to read:

Subd. 1a. **Opt out.** (a) An individual eligible for state-paid hospital, medical, and dental benefits under this section has the right to decline those benefits, provided the individual declining the benefits can prove health insurance coverage from another source. Any individual declining benefits must do so in writing, signed and dated, on a form provided by the commissioner.

(b) The commissioner must create, and make available in hard copy and online a form for individuals to use in declining state-paid hospital, medical, and dental benefits. The form must, at a minimum, include notice to the declining individual of the next available opportunity and procedure to re-enroll in the benefits.

(c) No later than January 15 of each year, the commissioner of management and budget must provide a report to the chairs and ranking minority members of the legislative committees with jurisdiction over state government finance on the number of employees choosing to opt-out of state employee group insurance coverage under this section. The report must provide itemized statistics, by agency, and include the total amount of savings accrued to each agency resulting from the opt-outs.

Sec. 27. **[118A.09] ADDITIONAL LONG-TERM EQUITY INVESTMENT AUTHORITY.**

Subdivision 1. **Definition; qualifying government.** "Qualifying government" means:

(1) a county or statutory or home rule charter city with a population of more than 100,000;

(2) a county or statutory or home rule charter city which had its most recently issued general obligation bonds rated in the highest category by a national bond rating agency; or

(3) a self-insurance pool listed in section 471.982, subdivision 3.

A county or statutory or home rule charter city with a population of 100,000 or less that is a qualifying government, but is subsequently rated less than the highest category by a national bond rating agency on a general obligation bond issue, may not invest additional funds under this section but may continue to manage funds previously invested under subdivision 2.

Subd. 2. **Additional investment authority.** Qualifying governments may invest the amount described in subdivision 3:

(1) in index mutual funds based in the United States and indexed to a broad market United States equity index; or

(2) with the Minnesota State Board of Investment subject to such terms and minimum amounts as may be adopted by the board. Index mutual fund investments must be made directly with the main sales office of the fund.

Subd. 3. **Funds.** (a) Qualifying governments may only invest under subdivision 2 according to the limitations in this subdivision. A qualifying government under subdivision 1, clause (1) or (2), may only invest its funds that are held for long-term capital plans authorized by the city council or county board, or long-term obligations of the qualifying government. Long-term obligations of the qualifying government include long-term capital plan reserves, funds held to offset long-term

environmental exposure, other postemployment benefit liabilities, compensated absences, and other long-term obligations established by applicable accounting standards.

(b) Qualifying governments under subdivision 1, clause (1) or (2), may invest up to 15 percent of the sum of:

(1) unassigned cash;

(2) cash equivalents;

(3) deposits; and

(4) investments.

This calculation must be based on the qualifying government's most recent audited statement of net position, which must be compliant and audited pursuant to governmental accounting and auditing standards. Once the amount invested reaches 15 percent of the sum of unassigned cash, cash equivalents, deposits, and investments, no further funds may be invested under this section; however, a qualifying government may continue to manage the funds previously invested under this section even if the total amount subsequently exceeds 15 percent of the sum of unassigned cash, cash equivalents, deposits, and investments.

(c) A qualified government under subdivision 1, clause (3), may invest up to the lesser of:

(1) 15 percent of the sum of its cash, cash equivalents, deposits, and investments; or

(2) 25 percent of its net assets as reported on the pool's most recent audited statement of net position, which must be compliant and audited pursuant to governmental accounting and auditing standards.

Subd. 4. **Approval.** Before investing pursuant to this section, the governing body of the qualifying government must adopt a resolution that includes the following statements:

(1) the governing body understands that investments under subdivision 2 have a risk of loss;

(2) the governing body understands the type of funds that are being invested and the specific investment itself; and

(3) the governing body certifies that all funds designated for investment through the State Board of Investment meet the requirements of this section and the policies and procedures established by the State Board of Investment.

Subd. 5. **Public Employees Retirement Association to act as account administrator.** A qualifying government exercising authority under this section to invest amounts with the State Board of Investment shall establish an account with the Public Employees Retirement Association (PERA), which shall act as the account administrator.

Subd. 6. **Purpose of account.** The account established under subdivision 5 may only be used for the purposes provided under subdivision 3. PERA may rely on representations made by the qualifying government in exercising its duties as account administrator and has no duty to further verify qualifications, use, or intended use of the funds that are invested or withdrawn.

Subd. 7. **Account maintenance.** (a) A qualifying government may establish an account to be held under the supervision of PERA for the purposes of investing funds with the State Board of Investment under subdivision 2. PERA shall establish a separate account for each qualifying

government. PERA may charge participating qualifying governments a fee for reasonable administrative costs. The amount of any fee charged by PERA is annually appropriated to the association from the account. PERA may establish other reasonable terms and conditions for creation and maintenance of these accounts.

(b) PERA must report to the qualifying government on the investment returns of invested funds and on all investment fees or costs incurred by the account.

Subd. 8. **Investment.** (a) The assets of an account shall be invested and held as required by this subdivision.

(b) PERA must certify all money in the accounts for which it is account administrator to the State Board of Investment for investment under section 11A.14, subject to the policies and procedures established by the State Board of Investment. Investment earnings must be credited to the account of the individual qualifying government.

(c) For accounts invested by the State Board of Investment, the investment restrictions shall be the same as those generally applicable to the State Board of Investment.

(d) A qualifying government may provide investment direction to PERA, subject to the policies and procedures established by the State Board of Investment.

Subd. 9. **Withdrawal of funds and termination of account.** (a) A government may withdraw some or all of its money or terminate the account.

(b) A government requesting withdrawal of money from an account created under this section must do so at a time and in the manner required by the executive director of PERA, subject to the policies and procedures established by the State Board of Investment.

Sec. 28. [134A.17] TRANSFERS TO COUNTY.

If the Sherburne County law library, through its trustees, has a fiscal reserve that is projected to sustain its operations for a period of over five years, the Sherburne County law library may transfer up to half of the money in its fiscal reserve, but not to exceed \$200,000, to Sherburne County to defray costs of constructing a new building to house the law library and courts.

Sec. 29. Minnesota Statutes 2016, section 138.081, is amended to read:

138.081 FEDERAL FUNDS, ACTS.

Subdivision 1. ~~Executive Council~~ **Department of Administration as agency to accept federal funds.** ~~The Executive Council of the Minnesota Historical Society~~ Department of Administration is hereby designated the state agency with power to accept any and all money provided for or made available to this state by the United States of America or any department or agency thereof for surveys, restoration, construction, equipping, or other purposes relating to the state historic sites program in accordance with the provisions of federal law and any rules or regulations promulgated thereunder and are further authorized to do any and all things required of this state by such federal law and the rules and regulations promulgated thereunder in order to obtain such federal money.

Subd. 2. ~~Director's~~ **Commissioner's responsibilities.** ~~The director of the Minnesota Historical Society, as state historic preservation officer,~~ commissioner shall be responsible for the preparation, implementation and administration of the State Historic Preservation Plan and shall administer the

State Historic Preservation Program authorized by the National Historic Preservation Act (United States Code, title 16, section 470 et seq. as amended). The ~~director of the Minnesota Historical Society~~ commissioner shall review and approve in writing all grants-in-aid for architectural, archaeological and historic preservation made by state agencies and funded by the state or a combination of state and federal funds in accordance with the State Historic Preservation Program.

Subd. 3. **Administration of federal act.** The ~~Minnesota Historical Society~~ Department of Administration is designated as the state agency to administer the provisions of the federal act providing for the preservation of historical and archaeological data, United States Code, title 16, sections 469 to 469C, insofar as the provisions of the act provide for implementation by the state.

EFFECTIVE DATE. This section is effective March 1, 2018.

Sec. 30. Minnesota Statutes 2016, section 138.665, subdivision 2, is amended to read:

Subd. 2. **Mediation.** The state, state departments, agencies, and political subdivisions, including the Board of Regents of the University of Minnesota, have a responsibility to protect the physical features and historic character of properties designated in sections 138.662 and 138.664 or listed on the National Register of Historic Places created by Public Law 89-665. Before carrying out any undertaking that will affect designated or listed properties, or funding or licensing an undertaking by other parties, the state department or agency shall consult with the ~~Minnesota Historical Society~~ State Historic Preservation Office pursuant to the society's established procedures to determine appropriate treatments and to seek ways to avoid and mitigate any adverse effects on designated or listed properties. If the state department or agency and the ~~Minnesota Historical Society~~ State Historic Preservation Office agree in writing on a suitable course of action, the project may proceed. If the parties cannot agree, any one of the parties may request that the governor appoint and convene a mediation task force consisting of five members, two appointed by the governor, the chair of the State Review Board of the State Historic Preservation Office, the commissioner of administration or the commissioner's designee, and one member who is not an employee of the Minnesota Historical Society appointed by the director of the society. The two appointees of the governor and the one of the director of the society shall be qualified by training or experience in one or more of the following disciplines: (1) history; (2) archaeology; and (3) architectural history. The mediation task force is not subject to the conditions of section 15.059. This subdivision does not apply to section 138.662, subdivision 24, and section 138.664, subdivisions 8 and 111.

EFFECTIVE DATE. This section is effective March 1, 2018.

Sec. 31. Minnesota Statutes 2016, section 138.665, subdivision 3, is amended to read:

Subd. 3. **Notice to ~~Minnesota Historical Society~~ State Historic Preservation Office of land acquisition.** If the state or a governmental subdivision acquires any of the property in section 138.664, it is the duty of the officer in charge of the acquisition to notify in writing, as promptly as possible, the ~~Minnesota Historical Society~~ State Historic Preservation Office of the acquisition.

EFFECTIVE DATE. This section is effective March 1, 2018.

Sec. 32. Minnesota Statutes 2016, section 138.69, is amended to read:

138.69 PUBLIC AREAS OF THE CAPITOL.

The Minnesota State Historical Society is designated the research agency and is responsible for the interpretation of the public areas for visitors to the Capitol. This involves conducting or approving public programs and tours in the Capitol and State Office Building, including exhibits held in the Capitol, providing informational services, acting as ~~advisor~~ adviser on preservation, recommending appropriate custodial policies, and maintaining and repairing all works of art. Notwithstanding section 138.668, the society may not charge a fee for general tours at the Capitol but may charge fees for special programs other than general tours.

Sec. 33. Minnesota Statutes 2016, section 155A.30, subdivision 5, is amended to read:

Subd. 5. **Conditions precedent to issuance.** A license must not be issued unless the board first determines that the applicant has met the requirements in clauses (1) to ~~(8)~~ (9):

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

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

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

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

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

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

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

(8) the applicant, except the state and its political subdivisions as described in section ~~471.617~~ 13.02, subdivision ~~4~~ 11, ~~shall~~ must file with the board a continuous corporate surety bond in the amount of no less than ten percent of the preceding year's gross income from student tuition, fees, and other required institutional charges, but in no event less than \$10,000, conditioned upon the faithful performance of all contracts and agreements with students made by the applicant. New schools must base the bond amount on the anticipated gross income from student tuition, fees, and other required institutional charges for the third year of operation, but in no event less than \$10,000. The applicant must compute the amount of the surety bond and verify that the amount of the surety bond complies with this subdivision. The bond shall run to the state of Minnesota board and to any person who may have a cause of action against the applicant arising at any time after the bond is filed and before it is canceled for breach of any contract or agreement made by the applicant with any student. The aggregate liability of the surety for all breaches of the conditions of the bond shall not exceed \$10,000. The surety of the bond may cancel it upon giving 60 days' notice in writing to

the board and shall be relieved of liability for any breach of condition occurring after the effective date of cancellation; and

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

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

Sec. 34. Minnesota Statutes 2016, section 270.44, is amended to read:

270.44 CHARGES FOR COURSES, EXAMINATIONS OR MATERIALS.

The board shall charge the following fees:

- (1) ~~\$105~~ \$150 for a senior accredited Minnesota assessor license;
- (2) ~~\$80~~ \$125 for an accredited Minnesota assessor license;
- (3) ~~\$65~~ \$95 for a certified Minnesota assessor specialist license;
- (4) ~~\$55~~ \$85 for a certified Minnesota assessor license;
- (5) ~~\$35~~ \$85 for a temporary license;
- (6) \$50 for a trainee registration;
- (7) \$80 for grading a form appraisal;
- ~~(6) \$60~~ (8) \$140 for grading a narrative appraisal;
- ~~(7) \$30~~ (9) \$50 for a reinstatement fee; and
- ~~(8) \$25~~ (10) \$20 for a record retention fee; and
- ~~(9) \$20 for an educational transcript.~~

EFFECTIVE DATE. This section is effective beginning with licenses issued after June 30, 2018.

Sec. 35. Minnesota Statutes 2016, section 270.45, is amended to read:

270.45 DISPOSITION OF FEES AND FINES.

All fees and fines so established and collected ~~shall under section 270.44 must be paid to the commissioner of management and budget for deposit~~ deposited in the general a dedicated account within the special revenue fund. The expenses of carrying Fees collected under this section are appropriated to the Department of Revenue to carry out the provisions of sections 270.41 to 270.50 ~~shall be paid from appropriations made to the board.~~

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

Sec. 36. **[270.455] REFUNDS OF FEES.**

When the board determines that a fee or any part of a fee was erroneously paid to the board, the board may refund or credit the amount of fees that was paid in error. These refunds or credits

shall be paid out of the dedicated account within the special revenue fund where the fees were originally deposited.

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

Sec. 37. Minnesota Statutes 2016, section 290.0681, subdivision 1, is amended to read:

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

(b) "Account" means the historic credit administration account in the special revenue fund.

(c) "Office" means the State Historic Preservation Office of the ~~Minnesota Historical Society~~ Department of Administration.

(d) "Project" means rehabilitation of a certified historic structure, as defined in section 47(c)(3)(A) of the Internal Revenue Code, that is located in Minnesota and is allowed a federal credit.

(e) ~~"Society" means the Minnesota Historical Society.~~

~~(f)~~ (f) "Federal credit" means the credit allowed under section 47(a)(2) of the Internal Revenue Code.

~~(g)~~ (f) "Placed in service" has the meaning used in section 47 of the Internal Revenue Code.

~~(h)~~ (g) "Qualified rehabilitation expenditures" has the meaning given in section 47 of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective March 1, 2018.

Sec. 38. Minnesota Statutes 2016, section 290.0681, subdivision 2, is amended to read:

Subd. 2. **Credit or grant allowed; certified historic structure.** (a) A credit is allowed against the tax imposed under this chapter equal to not more than 100 percent of the credit allowed under section 47(a)(2) of the Internal Revenue Code for a project. To qualify for the credit:

(1) the project must receive Part 3 certification and be placed in service during the taxable year; and

(2) the taxpayer must be allowed the federal credit and be issued a credit certificate for the taxable year as provided in subdivision 4.

(b) The ~~society~~ commissioner of administration may pay a grant in lieu of the credit. The grant equals 90 percent of the credit that would be allowed for the project.

(c) In lieu of the credit under paragraph (a), an insurance company may claim a credit against the insurance premiums tax imposed under chapter 297I.

EFFECTIVE DATE. This section is effective March 1, 2018.

Sec. 39. Minnesota Statutes 2016, section 290.0681, subdivision 7, is amended to read:

Subd. 7. **Appropriations.** (a) An amount sufficient to pay the refunds authorized under this section is appropriated to the commissioner from the general fund.

(b) An amount sufficient to pay the grants authorized under this section is appropriated to the ~~society~~ commissioner of administration from the general fund.

(c) Amounts in the account are appropriated to the ~~society~~ commissioner of administration for costs associated with personnel and administrative expenses related to administering the credit for historic structure rehabilitation in this section, for refunding application fees under subdivision 3, and for costs associated with preparing the determination of economic impact report required in subdivision 9.

EFFECTIVE DATE. This section is effective March 1, 2018.

Sec. 40. Minnesota Statutes 2016, section 290.0681, subdivision 9, is amended to read:

Subd. 9. **Report; determination of economic impact.** The ~~society~~ commissioner of administration must annually determine the economic impact to the state from the rehabilitation of property for which credits or grants are provided under this section and provide a written report on the impact to the chairs and ranking minority members of the legislative committees on taxes of the senate and house of representatives, in compliance with sections 3.195 and 3.197.

EFFECTIVE DATE. This section is effective March 1, 2018.

Sec. 41. Minnesota Statutes 2016, section 349A.08, subdivision 2, is amended to read:

Subd. 2. **Prizes not assignable.** A prize in the state lottery is not assignable ~~except as provided in subdivision 3 and~~ except that:

(1) if a prize winner dies before the prize is paid, the director shall pay the prize to the prize winner's estate; and

(2) the director may pay a prize to a person other than the winner of that prize under an appropriate court order.

Sec. 42. Minnesota Statutes 2016, section 349A.10, subdivision 6, is amended to read:

Subd. 6. **Budget; plans.** (a) The director shall prepare and submit a biennial budget plan to the commissioner of management and budget. The governor shall recommend the maximum amount available for the lottery in the budget the governor submits to the legislature under section 16A.11. The maximum amount available to the lottery for operating expenses and capital expenditures shall be determined by law. In addition, the director shall appear at least once each fiscal year before the senate and house of representatives committees having jurisdiction over gambling policy to present and explain the lottery's plans for future games and the related advertising and promotions and spending plans for the next fiscal year.

(b) For purposes of this section, operating expenses shall not include:

(1) expenses that are a direct function of lottery sales, which include the cost of lottery prizes, amounts paid to lottery retailers as sales commissions or other compensation, amounts paid to

produce and deliver scratch lottery games, and amounts paid to an outside vendor to operate and maintain an online gaming system. ~~In addition, the director shall appear at least once each fiscal year before the senate and house of representatives committees having jurisdiction over gambling policy to present and explain the lottery's plans for future games and the related advertising and promotions and spending plans for the next fiscal year; and~~

(2) expenses related solely to the noncash year-end adjustment required for government agencies to adjust the net actuarially determined pension liability which includes deferred inflows, deferred outflows, noncash pension expense, unrestricted net deficit, and net pension liability, in accordance with Statement 68 of the Governmental Accounting Standards Board.

Sec. 43. Minnesota Statutes 2016, section 352D.06, subdivision 1, is amended to read:

Subdivision 1. **Annuity; reserves.** (a) When a participant attains at least age 55, terminates from covered service, and applies for a retirement annuity, the cash value of the participant's shares must be transferred to the general state employees retirement fund and must be used to provide an annuity for the retired employee participant based upon the participant's age when the benefit begins to accrue according to the reserve basis used by the general state employees retirement plan in determining pensions and reserves.

(b) Except for participants described in paragraph (c), the monthly amount of the annuity must be determined using the actuarial assumptions in effect for the general state employees retirement plan under section 356.215 on the accrual date.

(c) For any participant who retires on or after July 1, 2017, and before July 1, 2020, when the participant is at least age 63 or has had at least 26 years of covered service, the monthly amount of the annuity must be determined using the actuarial assumptions in effect for the general state employees retirement plan under section 356.215 on June 30, 2016.

Subd. 1a. **Postretirement adjustments.** The annuity under ~~this~~ subdivision 1 is eligible for postretirement adjustments under section 356.415.

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

Sec. 44. Minnesota Statutes 2016, section 353.27, subdivision 3c, is amended to read:

Subd. 3c. **Former MERF members; member and employer contributions.** (a) For the period July 1, 2015, through December 31, 2031, the member contributions for former members of the Minneapolis Employees Retirement Fund and by the former Minneapolis Employees Retirement Fund-covered employing units are governed by this subdivision.

(b) The member contribution for a public employee who was a member of the former Minneapolis Employees Retirement Fund on June 29, 2010, is 9.75 percent of the salary of the employee.

(c) The employer regular contribution with respect to a public employee who was a member of the former Minneapolis Employees Retirement Fund on June 29, 2010, is 9.75 percent of the salary of the employee.

(d) ~~For calendar years 2015 and 2016,~~ The annual employer supplemental contribution is the employing unit's share of \$31,000,000. For calendar years 2017 through 2031 and 2018, the employer supplemental contribution is the employing unit's share of \$21,000,000.

(e) Each employing unit's share under paragraph (d) is the amount determined from an allocation between each employing unit in the portion equal to the unit's employer supplemental contribution paid or payable under Minnesota Statutes 2012, section 353.50, during calendar year 2014.

(f) The employer supplemental contribution amount under paragraph (d) for calendar year 2015 must be invoiced by the executive director of the Public Employees Retirement Association by July 1, 2015. The calendar year 2015 payment is payable in a single amount on or before September 30, 2015. For subsequent calendar years, the employer supplemental contribution under paragraph (d) must be invoiced on January 31 of each year and is payable in two parts, with the first half payable on or before July 31 and with the second half payable on or before December 15. Late payments are payable with compound interest at the rate of 0.71 percent per month for each month or portion of a month that has elapsed after the due date.

(g) The employer supplemental contribution under paragraph (d) terminates on December 31, 2031.

Sec. 45. Minnesota Statutes 2016, section 353.505, is amended to read:

353.505 STATE CONTRIBUTIONS; FORMER MERF DIVISION.

(a) On September 15, ~~2015, and September 15, 2016~~ 2019, and annually thereafter, the state shall pay to the general employees retirement plan of the Public Employees Retirement Association, with respect to the former MERF division, \$6,000,000. ~~By September 15 of each year after 2016,~~

(b) On September 15, 2017, and September 15, 2018, the state shall pay to the general employees retirement plan of the Public Employees Retirement Association, with respect to the former MERF division, \$16,000,000.

~~(b)~~ (c) State contributions under this section end on September 15, 2031.

Sec. 46. Minnesota Statutes 2016, section 471.193, subdivision 6, is amended to read:

Subd. 6. **Communication with state historic preservation officer.** Proposed site designations and design guidelines must be sent to the state historic preservation officer at the ~~Minnesota Historical Society~~ Department of Administration, who shall review and comment on the proposal within 60 days. By October 31 of each year, each commission shall submit an annual report to the state historic preservation officer. The report must summarize the commission's activities, including designations, reviews, and other activities during the previous 12 months.

EFFECTIVE DATE. This section is effective March 1, 2018.

Sec. 47. Minnesota Statutes 2016, section 508.12, subdivision 1, is amended to read:

Subdivision 1. **Examiner and deputy examiner.** The judges of the district court shall appoint a competent attorney in each county within their respective districts to be an examiner of titles and legal adviser to the registrar in said county, to which examiner all applications to register title to land are referred without further order, and may appoint attorneys to serve as deputy examiners who shall act in the name of the examiner and under the examiner's supervision and control, and the deputy's acts shall be the acts of the examiners. The examiner of titles and deputy examiners shall hold office subject to the will and discretion of the district court by whom appointed. The

examiner's compensation and that of the examiner's deputies shall be fixed and determined by the court and paid in the same manner as the compensation of other county employees is paid except that in all counties having fewer than 75,000 inhabitants, and in Stearns, Dakota, Scott, Wright, Sherburne, and Olmsted Counties the fees and compensation of the examiners for services as legal adviser to the registrar shall be determined by the judges of the district court and paid in the same manner as the compensation of other county employees is paid, but in every other instance shall be paid by the person applying to have the person's title registered or for other action or relief which requires the services, certification or approval of the examiner.

Sec. 48. Minnesota Statutes 2016, section 518A.79, is amended by adding a subdivision to read:

Subd. 3a. **Open meetings.** Except as otherwise provided in this section, the task force is subject to chapter 13D. A meeting of the task force occurs when a quorum is present and the members receive information, discuss, or take action on any matter relating to the duties of the task force. The task force may conduct meetings as provided in section 13D.015 or 13D.02. The task force may conduct meetings at any location in the state that is appropriate for the purposes of the task force as long as the location is open and accessible to the public. For legislative members of the task force, enforcement of this subdivision is governed by section 3.055, subdivision 2. For nonlegislative members of the task force, enforcement of this subdivision is governed by section 13D.06, subdivisions 1 and 2.

EFFECTIVE DATE. This section is effective January 1, 2018.

Sec. 49. Laws 2016, chapter 127, section 8, is amended to read:

Sec. 8. EFFECTIVE DATE; APPLICATION.

Sections 1 to 7 are effective the day following final enactment. With respect to eyelash technicians, the Board of Cosmetologist Examiners must not enforce sections 1 to 7 until ~~July 1, 2017~~ February 1, 2018. Any educational or training requirements developed by the board regarding eyelash technicians must be 14 hours.

Sec. 50. Laws 2017, chapter 21, section 1, subdivision 2, is amended to read:

Subd. 2. **Exemption; legislature may waive.** (a) This section does not apply to contracts with a value of less than ~~\$1,000~~ \$50,000.

(b) The legislature may waive application of this section on a contract if the legislature determines that compliance is not practicable or in the best interests of the state.

Sec. 51. Laws 2017, chapter 21, section 3, subdivision 2, is amended to read:

Subd. 2. **Exemption; commissioner may waive.** (a) This section does not apply to contracts with a value of less than ~~\$1,000~~ \$50,000.

(b) The commissioner may waive application of this section on a contract if the commissioner determines that compliance is not practicable or in the best interests of the state.

Sec. 52. SMALL AGENCY ASSISTANCE PROGRAM; LEGISLATIVE AUDITOR REVIEW.

No later than February 1, 2018, the legislative auditor is requested to conduct a program evaluation of the small agency assistance program authorized under Minnesota Statutes, section 16B.371. The program evaluation must be conducted according to the standards provided for a program evaluation in Minnesota Statutes, section 3.971, subdivision 7.

Sec. 53. HISTORIC PRESERVATION; LEGISLATIVE AUDITOR REVIEW.

The legislative auditor is requested to conduct a program evaluation of the State Historic Preservation Office no later than January 1, 2018. The program evaluation must be consistent with the standards provided in Minnesota Statutes, section 3.971, subdivision 7, and include consideration of the office's consistency in its responsiveness to project proposals, and in its treatment of historic sites in the state, including those that are listed on the national register, those that are eligible for the national register, and those that are registered as state historic sites by the Minnesota Historical Society. The evaluation should also include a review of approaches to state historic preservation governance in other states, in comparison to Minnesota's governance structure, with emphasis on the impact of those approaches on the timeliness and consistency of preservation work in those states.

Sec. 54. HISTORIC PRESERVATION; TRANSFER.

(a) The powers, duties, responsibilities, personnel, assets, and unexpended funds relating to functions assigned to the Minnesota State Historic Preservation Office are transferred to the Department of Administration effective March 1, 2018. For the purpose of this section, the Minnesota State Historical Society is considered a state agency under Minnesota Statutes, sections 15.039 and 16B.37.

(b) The commissioner of the Department of Administration in consultation with the Minnesota Historical Society must transfer functions from the Minnesota Historical Preservation Office to the Department of Administration. The transfer must provide for the full transition of all State Historic Preservation Office functions to the Department of Administration.

(c) A transferred employee's length of service remains uninterrupted as if the employee had been employed by the Department of Administration during the employee's time of employment by the Minnesota Historical Society.

The employee shall have all accumulated unliquidated vacation and sick leave hours transferred to the employee's credit, up to the maximum accumulations permitted by the state collective bargaining agreement or compensation plan adopted under Minnesota Statutes, section 43A.18, governing the transferred position. Vacation and sick leave hours are not transferred if the transferred position does not provide for the leave.

The salary rate of employees transferred under this section may not decrease as a result of the transfer to state employment. If an employee's salary rate is above the maximum of the class to which the transferred position is allocated, so long as the employee remains in the transferred position, the employee shall not be eligible to receive any increase in salary until the employee's salary is within the range of the class to which the transferred position is allocated, unless such

increases are specifically provided in the state collective bargaining agreement or compensation plan governing the transferred position.

All transferred employees must successfully complete a probationary period of at least one year beginning the effective date of the transfer in order to attain permanent status in the class to which the transferred position is allocated.

EFFECTIVE DATE. This section is effective March 1, 2018.

Sec. 55. OFFICE OF MN.IT SERVICES; IT OPTIMIZATION REPORT REQUIRED.

The chief information officer shall report by December 31, 2018, on the progress of executive branch information technology optimization, including the status of data center consolidation, the status and plans for use of public cloud technology, and the status of state agency transition to enterprise information technology services.

Sec. 56. INITIAL TRANSIT FINANCIAL ACTIVITY REPORTING.

(a) The first transit financial activity review and report submitted under Minnesota Statutes, section 3.972, subdivision 4, must include financial information from the period beginning on January 1, 2016, and through the end of the fiscal quarter immediately preceding the date of the report.

(b) The legislative auditor must provide a copy of the review under paragraph (a) to each county that is party to the joint powers agreement under Minnesota Statutes, section 297A.992.

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

Sec. 57. TRANSITION; STATE AUDITOR ENTERPRISE FUND.

Notwithstanding any law to the contrary, receipts received by the state auditor for fiscal year 2018 and beyond, from examinations conducted by the state auditor under Minnesota Statutes, chapter 6, must be credited to the general fund. Amounts in the state auditor enterprise fund at the close of fiscal year 2017 are transferred to the general fund.

Sec. 58. RETENTION OF FISCAL NOTE SYSTEM; LEGISLATIVE BUDGET OFFICE ACCESS.

The Legislative Coordinating Commission must contract with the commissioner of management and budget to maintain and, as needed, upgrade the fiscal note tracking system funded under Laws 2013, chapter 142, article 1, section 13. The commissioner must provide the Legislative Budget Office established under this act with complete access to, and use of, the system.

EFFECTIVE DATE. This section is effective January 8, 2019.

Sec. 59. LEGISLATIVE BUDGET OFFICE TRANSITION PLANNING TASK FORCE.

Subdivision 1. **Membership.** The Legislative Budget Office Transition Planning Task Force is established. The task force consists of the following members:

(1) 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;

(2) two members of the senate appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration, one of whom must represent the majority caucus of the senate, and one of whom must represent the minority caucus of the senate;

(3) the legislative auditor;

(4) the commissioner of management and budget; and

(5) the state budget director.

The chief nonpartisan fiscal analyst of the house of representatives, the lead nonpartisan fiscal analyst of the senate, and two members from executive branch agencies, appointed by the commissioner of management and budget, shall serve as ex-officio, nonvoting members of the task force. Appointments required by this section must be made no later than July 15, 2017. The chair of the Legislative Coordinating Commission shall designate one member of the task force to serve as its chair.

Subd. 2. **Duties; report required.** (a) The task force must develop a plan for the orderly transition of fiscal note and local impact note responsibilities from Minnesota Management and Budget to the Legislative Budget Office, as required by this act. At a minimum, the plan must consider the office's responsibilities for fiscal notes and local impact notes, the duties of state agencies and departments and local governments in facilitating the office's work, and any other issues relevant to the transition of duties to the office, as determined by the task force. The plan may include recommendations for additional legislation as necessary to implement the task force's transition plan, or to further clarify or structure the office's responsibilities.

(b) The task force must submit a preliminary report no later than January 15, 2018, and a final report no later than December 1, 2018, to the chairs and ranking minority members of the house of representatives Ways and Means Committee and the senate Finance Committee. The final report must describe the task force's work, including recommendations for a transition plan and any recommendations for legislation developed under paragraph (a).

Subd. 3. **Staff.** The Legislative Coordinating Commission must provide research and administrative assistance to support the work of the task force.

Subd. 4. **Expiration.** The task force expires upon submission of its final report to the legislature under subdivision 2.

Sec. 60. **MINNESOTA ADMINISTRATIVE RULES STATUS SYSTEM (MARSS) WORKING GROUP.**

Subdivision 1. **Creation.** The MARSS working group consists of the following nine members:

(1) the chief judge of the Office of Administrative Hearings, or a designee;

(2) the secretary of state, or a designee;

(3) a representative from the Interagency Rules Committee (IRC) appointed by the committee;

(4) a representative from each of the following agencies with rulemaking experience appointed by the appropriate commissioner:

(i) the Department of Health;

(ii) the Minnesota Pollution Control Agency;

(iii) the Department of Transportation; and

(iv) the Department of Labor and Industry;

(5) as designated by the IRC, a representative from a health-related board; and

(6) as designated by the IRC, a representative from a non-health-related board.

Subd. 2. **MARSS description.** The Minnesota Administrative Rules Status System (MARSS) is a concept for a new software application. The application would be built and maintained by the Revisor's Office. Executive branch agencies and others would upload official rulemaking record documents to the system. The goal is to improve public access, security, preservation, and transparency of state agencies' official rulemaking records through the creation of a single online records system. The system would serve as a single Internet location for the public to track rulemaking progress and access the official rulemaking record. Agencies would fulfill their requirement to maintain and preserve the official rulemaking record by submitting required documents to the revisor for inclusion in the online records system.

Subd. 3. **Duties.** The working group must report by February 1, 2018, to the chairs and ranking minority members of the committees in the house of representatives and senate with jurisdiction over policy and finance for the legislature. The report must identify the functional and nonfunctional requirements of the MARSS system. The working group must define a funding mechanism to share the cost to build and maintain the MARSS system among state agencies and departments.

Subd. 4. **Administration provisions.** (a) The revisor of statutes or the revisor's designee must convene the initial meeting of the working group by August 1, 2017. Upon request of the working group, the revisor must provide meeting space and administrative services for the group.

(b) The working group must elect a chair from among its members at the first meeting.

(c) Members serve without compensation and without reimbursement for expenses.

(d) The working group expires on February 1, 2018, or upon submission of documents fulfilling its duties, whichever is earlier.

Subd. 5. **Deadline for appointments and designations.** The appointments and designations authorized by this section must be completed by July 1, 2017.

Sec. 61. **ICE PALACE ON CAPITOL GROUNDS AUTHORIZED.**

Subdivision 1. **Use agreement; terms required.** The commissioner of administration may enter a use agreement with the St. Paul Festival and Heritage Foundation for the construction, operation, and removal of an ice palace and related temporary structures on the grounds of the State Capitol complex. If a use agreement for this purpose is entered, the terms must include the following:

(1) mutually agreed upon beginning and end dates for access to the grounds for construction, operation, and removal of the ice palace and related temporary structures;

(2) notwithstanding Minnesota Rules, part 7525.0400, an allowance for the St. Paul Festival and Heritage Foundation to establish fees for admission to the ice palace and for participation in related activities, and for vendors to sell concessions subject to terms negotiated in the use agreement. Any fees established must allow a reasonable opportunity for all Minnesotans, regardless of income, to access the palace and participate in related activities, and must allow free or discounted admission to members of the military, military veterans, and their families. A fee may not be charged for general admission to the Capitol grounds or, to the extent practicable, for access to public memorials and monuments located on the Capitol grounds;

(3) notwithstanding Minnesota Statutes, section 15B.28, and related rules of the Capitol Area Architectural and Planning Board, an allowance for the St. Paul Festival and Heritage Foundation to erect advertising devices promoting the ice palace and its sponsors and donors, subject to terms negotiated in the use agreement;

(4) a restriction on private events that limit public access to the ice palace or surrounding Capitol grounds, without prior approval of the commissioner of administration; and

(5) a requirement that, following removal of the ice palace and related temporary structures, the St. Paul Festival and Heritage Foundation restore the Capitol grounds to the same condition as existed prior to their construction.

Subd. 2. **Additional terms.** In addition to the terms required by subdivision 1, a use agreement authorized by this section may include additional terms as necessary to preserve the integrity, dignity, and security of the State Capitol building, the Capitol grounds, and the surrounding public buildings, memorials, and monuments, and to ensure compliance with other applicable laws governing commercial activity on public property.

Subd. 3. **Costs, expenses, and liabilities.** Unless expressly provided in the use agreement, any costs or expenses incurred by the state or the city of St. Paul in implementing a use agreement entered under this section must be paid or reimbursed by the St. Paul Festival and Heritage Foundation. Notwithstanding Minnesota Statutes, section 3.736, subdivision 1, and Minnesota Statutes, section 466.02, the state, the city of St. Paul, and their employees are not liable for losses incurred during the construction, operation, or removal of an ice palace or related temporary structures, or losses incurred by a person while visiting the ice palace or participating in related activities.

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

Sec. 62. **WAITE PARK; HOTEL INSPECTION.**

(a) Notwithstanding any other law to the contrary and in addition to any other requirement in law, the city of Waite Park may adopt an ordinance to require a hotel, motel, or lodging establishment operating within the city's jurisdiction to have a valid license issued by the city. The license may prohibit the licensee from:

(1) knowingly allowing a room to be occupied for purposes of sex trafficking;

(2) knowingly allowing a room to be occupied for the purposes of illegal drug activity;

(3) knowingly allowing a room to be occupied by a minor for the consumption of alcoholic beverages;

(4) prohibiting the inspection of the licensed premises;

(5) failing to report observed or suspected illegal activity to the police in a reasonable period of time; and

(6) failure to maintain the licensed premises to all building, fire, mechanical, zoning or licensing codes.

The ordinance may provide for inspections related to the activities the license addresses. The city may collect a reasonable fee related to the cost of issuing the license and conducting inspections.

(b) "Hotel," "motel," and "lodging establishment" are as defined in Minnesota Statutes, section 157.15.

(c) The authority in this section does not replace or diminish the authority of the community health board to inspect and license any hotel, motel, or lodging establishment in the city.

EFFECTIVE DATE. This section is effective the day following final enactment without local approval, as provided in Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

Sec. 63. **EYELASH TECHNICIAN GRANDFATHERING.**

(a) The board must issue grandfathered eyelash technician licenses no later than February 1, 2018, under the conditions in this section.

(b) A complete grandfathering application for an eyelash technician license must be received in the board office between August 1, 2017, and January 31, 2018, and must contain:

(1) proof of a high school diploma or equivalent;

(2) proof of completion of an eyelash extension training course before July 1, 2017;

(3) proof of completion of a six-hour board-approved public health and safety course provided by a board-licensed school or a board-recognized professional association organized under Minnesota Statutes, chapter 317A. Four hours must be related to health, safety, and infection control and two hours must be related to Minnesota laws and rules governing cosmetology;

(4) original passing results no more than one year old of board-approved laws and rules test and theory tests; and

(5) the practitioner fees required under Minnesota Statutes, section 155A.25.

(c) A complete grandfathering application for an eyelash salon manager license must be received in the board office between August 1, 2017, and January 31, 2018, and must contain:

(1) proof of a high school diploma or equivalent;

(2) proof of completion of an eyelash extension training course before July 1, 2017;

(3) documentation of at least 2,700 hours of experience performing eyelash extensions within the last three years;

(4) original passing results no more than one year old of board-approved laws and rules test and theory tests;

(5) original passing results no more than one year old of board-approved salon manager test;

(6) proof of a six-hour board-approved public health and safety course provided by a board-licensed school or a board-recognized professional association organized under Minnesota Statutes, chapter 317A. Four hours must be related to infection control and two hours must be related to Minnesota laws and rules; and

(7) the practitioner fees required under Minnesota Statutes, section 155A.25.

(d) Grandfathered licenses must not be expedited under Minnesota Statutes, section 155A.25, subdivision 7. The application timelines under Minnesota Statutes, section 155A.25, subdivisions 5, 6, and 8, do not apply to grandfathered licenses.

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

Sec. 64. **EYELASH TECHNICIAN RULEMAKING.**

The Board of Cosmetologist Examiners shall adopt rules governing the eyelash technician and salon licenses, which must include scope of practice, the conditions and process of issuing and renewing the license, requirements related to education and testing, and 14 hours of training regarding application of eyelash extensions in a board-licensed school. The board may use the expedited rule process in Minnesota Statutes, section 14.389. The grant of rulemaking authority under this section expires May 31, 2019.

Sec. 65. **EYELASH TECHNICIAN LICENSING.**

The Board of Cosmetologist Examiners must not issue an eyelash practitioner license before February 1, 2018, except for grandfathered licenses issued under section 59. The Board of Cosmetologist Examiners must not require a person to have an eyelash practitioner license for eyelash extensions before February 1, 2018.

Sec. 66. **REPEALER.**

Minnesota Statutes 2016, sections 6.581, subdivision 1; and 349A.08, subdivision 3, are repealed.

ARTICLE 3

CAMPAIGN FINANCE AND ELECTIONS

Section 1. Minnesota Statutes 2016, section 10A.01, subdivision 12, is amended to read:

Subd. 12. **Depository.** "Depository" means a bank, savings association, or credit union organized under federal or state law and transacting business within this state. The depositories of a political committee or political fund include any depository in which the committee or fund has a savings, checking, or similar account, or purchases a money market certificate or certificate of deposit.

Sec. 2. Minnesota Statutes 2016, section 10A.01, subdivision 16, is amended to read:

Subd. 16. **Election cycle.** "Election cycle" means the period from January 1 following a general election for an office to December 31 following the next general election for that office, except that "election cycle" for a special election means the period from the date the special election writ is issued to ~~60~~ 15 days after the special election is held. For a regular election, the period from

January 1 of the year prior to an election year through December 31 of the election year is the "election segment" of the election cycle. Each other two-year segment of an election cycle is a "nonelection segment" of the election cycle. An election cycle that consists of two calendar years has only an election segment. The election segment of a special election cycle includes the entire special election cycle.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any special election cycle that starts on or after that date.

Sec. 3. Minnesota Statutes 2016, section 10A.025, subdivision 1a, is amended to read:

Subd. 1a. **Electronic filing.** (a) A report or statement required to be filed under this chapter may be filed electronically. The board shall adopt rules to regulate electronic filing and to ensure that the electronic filing process is secure.

(b) A document filed by facsimile transmission or electronic filing system has the same force and effect as filing an original paper document.

(c) In order to provide a secure environment for the submission of electronic files, the board must require that a filer use a personal identification code when submitting an electronic file. The board may also request the filer to provide a valid e-mail address in order to receive confirmation and verification messages from the board.

(d) After an electronic file is processed by the board, the information contained in the electronic file becomes the property of the state subject to the terms of the Data Practices Act under chapter 13.

(e) In the case of a filing by facsimile transmission, the filer must retain the original of the filed document and a record of the date and time of the transmission. If an electronic filing system is used to submit an electronic file to the board, the filer must retain as documentation the database and information on which the electronic submission of data is based. The database and records are subject to audit as provided in this chapter.

(f) Within five days of a request by the board, any person filing a document by facsimile transmission or electronic filing system shall refile the document by one of the other filing methods provided in Minnesota Rules, part 4501.0500, subpart 1.

(g) Technical problems that prevent the successful submission of a facsimile transmission or electronic file do not relieve the filer of the responsibility of meeting the requirements of this chapter. An audit trail that demonstrates that the facsimile transmission or electronic file was successfully submitted in a timely fashion may be used by the board to waive late filing fees.

Sec. 4. Minnesota Statutes 2016, section 10A.04, is amended by adding a subdivision to read:

Subd. 9. **Reporting by multiple lobbyists representing the same entity.** Clauses (1) to (6) apply when a single individual, association, political subdivision, or public higher education system is represented by more than one lobbyist.

(1) The entity must appoint one designated lobbyist to report lobbyist disbursements made by the entity. The designated lobbyist must indicate that status on the periodic reports of lobbyist disbursements.

(2) A reporting lobbyist may consent to report on behalf of one or more other lobbyists for the same entity, in which case, the other lobbyists are persons whose activities the reporting lobbyist must disclose and are subject to the disclosure requirements of subdivision 3. Lobbyist disbursement reports filed by a reporting lobbyist must include the names and registration numbers of the other lobbyists whose activities are included in the report.

(3) Lobbyists whose activities are accounted for by a reporting lobbyist are not required to file lobbyist disbursement reports.

(4) A lobbyist whose lobbying disbursements are provided to the board through a reporting lobbyist must supply all relevant information on disbursements to the reporting lobbyist no later than five days before the prescribed filing date.

(5) The reporting periods and due dates for a reporting lobbyist are those provided in subdivision 2. The late filing provisions in subdivision 5 apply to reports required by this subdivision.

(6) The reporting lobbyist must indicate the names and registration numbers of any lobbyists who did not provide their lobbying disbursements for inclusion in a report. The late filing provisions in subdivision 5 apply to lobbyists who fail to report information to the reporting lobbyist.

Sec. 5. Minnesota Statutes 2016, section 10A.071, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Gift" means money, real or personal property, a service, a loan, a forbearance or forgiveness of indebtedness, or a promise of future employment, that is given and received without the giver receiving consideration of equal or greater value in return.

(c) "Official" means a public official, an employee of the legislature, or a local official of a metropolitan governmental unit.

(d) "Plaque" means a decorative item with an inscription recognizing an individual for an accomplishment.

Sec. 6. Minnesota Statutes 2016, section 10A.09, subdivision 5, is amended to read:

Subd. 5. **Form.** (a) A statement of economic interest required by this section must be on a form prescribed by the board. The individual filing must provide the following information:

(1) name, address, occupation, and principal place of business;

(2) the name of each associated business and the nature of that association;

(3) a listing of all real property within the state, excluding homestead property, in which the individual holds: (i) a fee simple interest, a mortgage, a contract for deed as buyer or seller, or an option to buy, whether direct or indirect, if the interest is valued in excess of \$2,500; or (ii) an option to buy, if the property has a fair market value of more than \$50,000;

(4) a listing of all real property within the state in which a partnership of which the individual is a member holds: (i) a fee simple interest, a mortgage, a contract for deed as buyer or seller, or an option to buy, whether direct or indirect, if the individual's share of the partnership interest is valued in excess of \$2,500; or (ii) an option to buy, if the property has a fair market value of more than \$50,000. A listing under this clause or clause (3) must indicate the street address and the

municipality or the section, township, range and approximate acreage, whichever applies, and the county in which the property is located;

(5) a listing of any investments, ownership, or interests in property connected with pari-mutuel horse racing in the United States and Canada, including a racehorse, in which the individual directly or indirectly holds a partial or full interest or an immediate family member holds a partial or full interest;

(6) a listing of the principal business or professional activity category of each business from which the individual receives more than \$50 in any month as an employee, if the individual has an ownership interest of 25 percent or more in the business; ~~and~~

(7) a listing of each principal business or professional activity category from which the individual received compensation of more than \$2,500 in the past 12 months as an independent contractor; and

(8) the full name of each security with a value of more than \$2,500 owned in part or in full by the public official at any time during the reporting period.

(b) The business or professional categories for purposes of paragraph (a), clauses (6) and (7), must be the general topic headings used by the federal Internal Revenue Service for purposes of reporting self-employment income on Schedule C. This paragraph does not require an individual to report any specific code number from that schedule. Any additional principal business or professional activity category may only be adopted if the category is enacted by law.

(c) For the purpose of an original statement of economic interest, "compensation in any month" includes only compensation received in the calendar month immediately preceding the date of appointment as a public official or filing as a candidate.

(d) For the purpose of calculating the amount of compensation received from any single source in a single month, the amount shall include the total amount received from the source during the month, whether or not the amount covers compensation for more than one month.

Sec. 7. Minnesota Statutes 2016, section 10A.09, subdivision 6, is amended to read:

Subd. 6. **Annual statement.** (a) Each individual who is required to file a statement of economic interest must also file an annual statement by the last Monday in January of each year that the individual remains in office. The annual statement must cover the period through December 31 of the year prior to the year when the statement is due. The annual statement must include the amount of each honorarium in excess of \$50 received since the previous statement and the name and address of the source of the honorarium. The board must maintain each annual statement of economic interest submitted by an officeholder in the same file with the statement submitted as a candidate.

(b) For the purpose of annual statements of economic interest to be filed, "compensation in any month" includes compensation and honoraria received in any month between the end of the period covered in the preceding statement of economic interest and the end of the current period.

(c) An individual must file the annual statement of economic interest required by this subdivision to cover the period for which the individual served as a public official even though at the time the statement was filed, the individual is no longer holding that office as a public official.

Sec. 8. Minnesota Statutes 2016, section 10A.15, is amended by adding a subdivision to read:

Subd. 6. **Contributions from Hennepin County registered associations.** In lieu of registration with the board, an association registered with the Hennepin County filing officer under sections 383B.041 to 383B.058 that makes contributions of more than \$200 to a committee or fund in a calendar year may notify the recipient committee of its registration with Hennepin County, including its registration number, and instruct the recipient committee to include the notice when the recipient committee discloses receipt of the contribution.

Sec. 9. **[10A.155] VALUE OF CONTRIBUTIONS OF AUTOMOBILE USE.**

Automobile use provided to a committee by an individual may be valued at the lowest rate used by the state to reimburse its employees for automobile use. Alternatively, the value of the automobile may be calculated as the actual cost of fuel, maintenance, repairs, and insurance directly related to the use of the automobile. An automobile provided by an association must be valued at the fair market value for renting an equivalent automobile.

Sec. 10. Minnesota Statutes 2016, section 10A.20, subdivision 3, is amended to read:

Subd. 3. **Contents of report.** (a) The report required by this section must include each of the items listed in paragraphs (b) to ~~(e)~~ (q) that are applicable to the filer. The board shall prescribe forms based on filer type indicating which of those items must be included on the filer's report.

(b) The report must disclose the amount of liquid assets on hand at the beginning of the reporting period.

(c) The report must disclose the name, address, employer, or occupation if self-employed, and registration number if registered with the board, of each individual or association that has made one or more contributions to the reporting entity, including the purchase of tickets for a fund-raising effort, that in aggregate within the year exceed \$200 for legislative or statewide candidates or more than \$500 for ballot questions, together with the amount and date of each contribution, and the aggregate amount of contributions within the year from each source so disclosed. A donation in kind must be disclosed at its fair market value. An approved expenditure must be listed as a donation in kind. A donation in kind is considered consumed in the reporting period in which it is received. The names of contributors must be listed in alphabetical order. Contributions from the same contributor must be listed under the same name. When a contribution received from a contributor in a reporting period is added to previously reported unitemized contributions from the same contributor and the aggregate exceeds the disclosure threshold of this paragraph, the name, address, and employer, or occupation if self-employed, of the contributor must then be listed on the report.

(d) The report must disclose the sum of contributions to the reporting entity during the reporting period.

(e) The report must disclose each loan made or received by the reporting entity within the year in aggregate in excess of \$200, continuously reported until repaid or forgiven, together with the name, address, occupation, principal place of business, if any, and registration number if registered with the board of the lender and any endorser and the date and amount of the loan. If a loan made to the principal campaign committee of a candidate is forgiven or is repaid by an entity other than that principal campaign committee, it must be reported as a contribution for the year in which the loan was made.

(f) The report must disclose each receipt over \$200 during the reporting period not otherwise listed under paragraphs (c) to (e).

(g) The report must disclose the sum of all receipts of the reporting entity during the reporting period.

(h) The report must disclose the name, address, and registration number if registered with the board of each individual or association to whom aggregate expenditures, approved expenditures, independent expenditures, and ballot question expenditures have been made by or on behalf of the reporting entity within the year in excess of \$200, together with the amount, date, and purpose of each expenditure and the name and address of, and office sought by, each candidate on whose behalf the expenditure was made, identification of the ballot question that the expenditure was intended to promote or defeat and an indication of whether the expenditure was to promote or to defeat the ballot question, and in the case of independent expenditures made in opposition to a candidate, the candidate's name, address, and office sought. A reporting entity making an expenditure on behalf of more than one candidate for state or legislative office must allocate the expenditure among the candidates on a reasonable cost basis and report the allocation for each candidate.

(i) The report must disclose the sum of all expenditures made by or on behalf of the reporting entity during the reporting period.

(j) The report must disclose the amount and nature of an advance of credit incurred by the reporting entity, continuously reported until paid or forgiven. If an advance of credit incurred by the principal campaign committee of a candidate is forgiven by the creditor or paid by an entity other than that principal campaign committee, it must be reported as a donation in kind for the year in which the advance of credit was made.

(k) The report must disclose the name, address, and registration number if registered with the board of each political committee, political fund, principal campaign committee, or party unit to which contributions have been made that aggregate in excess of \$200 within the year and the amount and date of each contribution.

(l) The report must disclose the sum of all contributions made by the reporting entity during the reporting period.

(m) The report must disclose the name, address, and registration number if registered with the board of each individual or association to whom noncampaign disbursements have been made that aggregate in excess of \$200 within the year by or on behalf of the reporting entity and the amount, date, and purpose of each noncampaign disbursement.

(n) The report must disclose the sum of all noncampaign disbursements made within the year by or on behalf of the reporting entity.

(o) The report must disclose the name and address of a nonprofit corporation that provides administrative assistance to a political committee or political fund as authorized by section 211B.15, subdivision 17, the type of administrative assistance provided, and the aggregate fair market value of each type of assistance provided to the political committee or political fund during the reporting period.

(p) Legislative, statewide, and judicial candidates, party units, and political committees and funds must itemize contributions that in aggregate within the year exceed \$200 for legislative or statewide candidates or more than \$500 for ballot questions on reports submitted to the board. The

itemization must include the date on which the contribution was received, the individual or association that provided the contribution, and the address of the contributor. Additionally, the itemization for a donation in kind must provide a description of the item or service received. Contributions that are less than the itemization amount must be reported as an aggregate total.

(q) Legislative, statewide, and judicial candidates, party units, political committees and funds, and committees to promote or defeat a ballot question must itemize expenditures and noncampaign disbursements that in aggregate exceed \$200 in a calendar year on reports submitted to the board. The itemization must include the date on which the committee made or became obligated to make the expenditure or disbursement, the name and address of the vendor that provided the service or item purchased, and a description of the service or item purchased. Expenditures and noncampaign disbursements must be listed on the report alphabetically by vendor.

Sec. 11. Minnesota Statutes 2016, section 10A.25, subdivision 2, is amended to read:

Subd. 2. **Amounts.** (a) In a segment of an election cycle, the principal campaign committee of the candidate must not make campaign expenditures nor permit approved expenditures to be made on behalf of the candidate that result in aggregate expenditures in excess of the following:

(1) for governor and lieutenant governor, running together, \$3,651,200 in the election segment and \$1,564,800 in the nonelection segment;

(2) for attorney general, \$626,000 in the election segment and \$208,700 in the nonelection segment;

(3) for secretary of state and state auditor, separately, \$417,300 in the election segment and \$104,400 in the nonelection segment;

(4) for state senator, \$94,700 in the election segment and \$31,600 in a nonelection segment;

(5) for state representative, \$63,100 in the election segment.

(b) In addition to the amount in paragraph (a), clause (1), a candidate for endorsement for the office of lieutenant governor at the convention of a political party may make campaign expenditures and approved expenditures of five percent of that amount to seek endorsement.

(c) If a special election cycle occurs during a general election cycle, expenditures by or on behalf of a candidate in the special election do not count as expenditures by or on behalf of the candidate in the general election.

(d) The expenditure limits in this subdivision for an office are increased by ten percent for a candidate who has not previously held the same office, whose name has not previously been on the primary or general election ballot for that office, and who has not in the past ten years raised or spent more than \$750 in a run for any other office whose territory now includes a population that is more than one-third of the population in the territory of the new office. Candidates who qualify for first-time candidate status receive a ten percent increase in the campaign expenditure limit in all segments of the applicable election cycle. In the case of a legislative candidate, the office is that of a member of the house of representatives or senate without regard to any specific district.

Sec. 12. Minnesota Statutes 2016, section 10A.27, is amended by adding a subdivision to read:

Subd. 16a. **Return of contributions after merger of governor and lieutenant governor funds.** Funds transferred to the joint committee for candidates for governor and lieutenant governor that result in aggregate contributions in excess of the applicable limits may be returned to the contributor within 90 days of the transfer of funds to the joint committee.

Sec. 13. Minnesota Statutes 2016, section 10A.27, is amended by adding a subdivision to read:

Subd. 16b. **Special election contribution limits.** Election segment contribution limits set forth in this section apply to a special election cycle.

Sec. 14. Minnesota Statutes 2016, section 10A.27, is amended by adding a subdivision to read:

Subd. 16c. **Contribution limits apply independently.** Contribution limits apply independently for election segments, nonelection segments, and special election cycles.

Sec. 15. Minnesota Statutes 2016, section 10A.31, is amended by adding a subdivision to read:

Subd. 7b. **Failure to repay.** A candidate who fails to repay money required by the agreement cannot be paid additional public subsidy funds during the current or future election cycles until the entirety of the unexpended funds and any associated collection fees are either repaid to the board or discharged by court action.

Sec. 16. Minnesota Statutes 2016, section 10A.323, is amended to read:

10A.323 AFFIDAVIT OF CONTRIBUTIONS.

(a) In addition to the requirements of section 10A.322, to be eligible to receive a public subsidy under section 10A.31 a candidate or the candidate's treasurer must:

(1) between January 1 of the previous year and the cutoff date for transactions included in the report of receipts and expenditures due before the primary election, accumulate contributions from individuals eligible to vote in this state in at least the amount indicated for the office sought, counting only the first \$50 received from each contributor, excluding in-kind contributions:

- (i) candidates for governor and lieutenant governor running together, \$35,000;
- (ii) candidates for attorney general, \$15,000;
- (iii) candidates for secretary of state and state auditor, separately, \$6,000;
- (iv) candidates for the senate, \$3,000; and
- (v) candidates for the house of representatives, \$1,500;

(2) file an affidavit with the board stating that the principal campaign committee has complied with this paragraph. The affidavit must state the total amount of contributions that have been received from individuals eligible to vote in this state, excluding:

- (i) the portion of any contribution in excess of \$50;

(ii) any in-kind contribution; and

(iii) any contribution for which the name and address of the contributor is not known and recorded; and

(3) submit the affidavit required by this section to the board in writing by the deadline for reporting of receipts and expenditures before a primary under section 10A.20, subdivision 4.

(b) A candidate for a vacancy to be filled at a special election for which the filing period does not coincide with the filing period for the general election must accumulate the contributions specified in paragraph (a) and must submit the affidavit required by this section to the board within five days after the close of the filing period for the special election for which the candidate filed.

(c) A candidate or the candidate's treasurer must be able to electronically file the affidavit required under this section in the same manner as other reports required by this chapter. The board must not require the candidate or candidate's treasurer to notarize the affidavit of contribution.

Sec. 17. [206.95] VOTING EQUIPMENT GRANT ACCOUNT.

Subdivision 1. **Voting equipment grant account.** A voting equipment grant account is established in the special revenue fund. Funds in the account are appropriated to the secretary of state to provide grants to political subdivisions as authorized by this section. Funds in the account are available until expended.

Subd. 2. **Authorized equipment.** A political subdivision may apply to receive a grant under this section for the purchase or lease of the following:

(1) an electronic voting system, or any individual components of an electronic voting system as provided in section 206.56, subdivision 8;

(2) assistive voting technology;

(3) an electronic roster system meeting the technology requirements of section 201.225, subdivision 2; and

(4) any other equipment or technology approved by the secretary of state for use in conducting a state or local election in Minnesota consistent with the requirements of law.

Subd. 3. **Application.** (a) The secretary of state may make a grant from the account to a political subdivision only after receiving an application from the political subdivision. The application must contain the following information:

(1) the date the application is submitted;

(2) the name of the political subdivision;

(3) the name and title of the individual who prepared the application;

(4) the type of voting system currently used in each precinct in the political subdivision;

(5) the date the system currently used was acquired and at what cost;

(6) the total number of registered voters, as of the date of the application, in each precinct in the political subdivision;

(7) the total amount of the grant requested;

(8) the total amount and source of the political subdivision's money to be used to match a grant from the account;

(9) the type of voting system to be acquired with the grant money and whether the voting system will permit individuals with disabilities to cast a secret ballot;

(10) the proposed schedule for purchasing and implementing the new voting system and the precincts in which the new voting system would be used;

(11) whether the political subdivision has previously applied for a grant from the account and the disposition of that application;

(12) a certified statement by the political subdivision that the grant will be used only to purchase authorized equipment under subdivision 2 of this section and that the political subdivision has insufficient resources to purchase the voting system without obtaining a grant from the account; and

(13) any other information required by the secretary of state.

(b) The secretary of state must establish a deadline for receipt of grant applications, a procedure for awarding and distributing grants, and a process for verifying the proper use of the grants after distribution.

Subd. 4. **Amount of grant.** A political subdivision is eligible to receive a grant of no more than 75 percent of the total cost of electronic roster equipment and 50 percent of the total cost of all other equipment or technology authorized for a grant under subdivision 2. In evaluating the application, the secretary of state shall consider only the information set forth in the application and is not subject to chapter 14. If the secretary of state determines that the application has been fully and properly completed, and that there is a sufficient balance in the account to fund the grant, either in whole or in part, the secretary of state may approve the application.

Subd. 5. **Report to legislature.** No later than January 15, 2018, and annually thereafter until the appropriations provided for grants under this section have been exhausted, the secretary of state must submit a report to the legislative committees with jurisdiction over elections policy on grants awarded by this section. The report must detail each grant awarded, including the jurisdiction, the amount of the grant, and the type of equipment purchased.

Sec. 18. **REPEALER.**

(a) Minnesota Statutes 2016, section 204B.48, is repealed.

(b) Minnesota Rules, parts 4501.0300, subpart 3; 4501.0500, subpart 2; 4503.0200, subpart 6; 4503.0300, subpart 4; 4503.0400, subpart 1; 4503.0500, subparts 5 and 8; 4503.0700, subparts 2 and 3; 4503.1300, subpart 5; 4503.1400, subparts 8 and 9; 4503.1450, subparts 1 and 3; 4503.1600; 4503.1700; 4503.1800; 4505.0100, subpart 3; 4505.0900, subparts 2, 3, 4, 5, 6, and 7; 4511.0500, subpart 2; 4512.0100, subparts 2, 4, and 5; and 4525.0210, subpart 1, are repealed.

ARTICLE 4**MILITARY AFFAIRS AND VETERANS AFFAIRS**

Section 1. Minnesota Statutes 2016, section 190.19, subdivision 2, is amended to read:

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

(1) grants directly to eligible individuals;

(2) grants to one or more eligible foundations for the purpose of making grants to eligible individuals, as provided in this section;

(3) veterans' services; or

(4) grants to family readiness groups chartered by the adjutant general.

(b) As used in paragraph (a), the term "eligible individual" includes any person who is:

(1) a member in good standing of the Minnesota National Guard or a reserve unit based in Minnesota ~~who has been called to active service as defined in section 190.05, subdivision 5;~~

(2) a Minnesota resident who is a member of a military reserve unit not based in Minnesota, if the member is called to active service as defined in section 190.05, subdivision 5;

(3) any other Minnesota resident performing active service for any branch of the military of the United States;

(4) a person who honorably served in one of the capacities listed in clause (1), (2), or (3) who has current financial needs ~~directly related to that service;~~ and

(5) a member of the immediate family of an individual identified in clause (1), (2), (3), or (4). For purposes of this clause, "immediate family" means the individual's spouse and minor children and, if they are dependents of the member of the military, the member's parents, grandparents, siblings, stepchildren, and adult children.

(c) As used in paragraph (a), the term "eligible foundation" includes any organization that:

(1) is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code;

(2) has articles of incorporation under chapter 317A specifying the purpose of the organization as including the provision of financial assistance to members of the Minnesota National Guard and other United States armed forces reserves and their families and survivors; and

(3) agrees in writing to distribute any grant money received from the adjutant general under this section to eligible individuals as defined in this section and in accordance with any written policies and rules the adjutant general may impose as conditions of the grant to the foundation.

(d) The maximum grant awarded to an eligible individual under paragraph (a) in a calendar year with funds from the Minnesota "Support Our Troops" account, either through an eligible institution or directly from the adjutant general, may not exceed ~~\$2,000~~ \$4,000.

Sec. 2. Minnesota Statutes 2016, section 190.19, subdivision 2a, is amended to read:

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

- (1) grants to veterans service organizations;
- (2) outreach to underserved veterans;
- (3) providing services and programs for veterans and their families;
- (4) transfers to the vehicle services account for Gold Star license plates under section 168.1253;
- (5) grants of up to \$100,000 to any organization approved by the commissioner of veterans affairs for the purpose of supporting and improving the lives of veterans and their families; ~~and~~
- (6) grants to an eligible foundation; and
- (7) the agency's uncompensated burial costs for eligible dependents to whom the commissioner grants a no-fee or reduced-fee burial in the state's veteran cemeteries pursuant to section 197.236, subdivision 9, paragraph (b).

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

- (1) is a tax-exempt organization under section 501(c) of the Internal Revenue Code; and
- (2) is a nonprofit corporation under chapter 317A and the organization's articles of incorporation specify that a purpose of the organization includes: (i) providing assistance to veterans and their families; or (ii) enhancing the lives of veterans and their families.

Sec. 3. Minnesota Statutes 2016, section 196.05, subdivision 1, is amended to read:

Subdivision 1. **General duties.** The commissioner shall:

- (1) act as the agent of a resident of the state having a claim against the United States for benefits arising out of or by reason of service in the armed forces and prosecute the claim without charge;
- (2) act as custodian of veterans' bonus records;
- (3) administer the laws relating to the providing of bronze flag holders at veterans' graves for memorial purposes;
- (4) administer the laws relating to recreational or rest camps for veterans so far as applicable to state agencies;
- (5) administer the state soldiers' assistance fund and veterans' relief fund and other funds appropriated for the payment of bonuses or other benefits to veterans or for the rehabilitation of veterans;
- (6) cooperate with national, state, county, municipal, and private social agencies in securing to veterans and their dependents the benefits provided by national, state, and county laws, municipal ordinances, or public and private social agencies;
- (7) provide necessary assistance where other adequate aid is not available to the dependent family of a veteran while the veteran is hospitalized and after the veteran is released for as long a period as is necessary as determined by the commissioner;

(8) cooperate with United States governmental agencies providing compensation, pensions, insurance, or other benefits provided by federal law, by supplementing the benefits prescribed therein, when conditions in an individual case make it necessary;

(9) assist dependent family members of military personnel who are called from reserve status to extended federal active duty during a time of war or national emergency through the state soldiers' assistance fund provided by section 197.03;

(10) exercise other powers as may be authorized and necessary to carry out the provisions of this chapter and chapter 197, consistent with that chapter; ~~and~~

(11) provide information, referral, and counseling services to those veterans who may have suffered adverse health conditions as a result of possible exposure to chemical agents; and

(12) in coordination with the Minnesota Association of County Veterans Service Officers, develop a written disclosure statement for use by private providers of veterans benefits services as required under section 197.6091. At a minimum, the written disclosure statement shall include a signature line, contact information for the department, and a statement that veterans benefits services are offered at no cost by federally chartered veterans service organizations and by county veterans service officers.

Sec. 4. Minnesota Statutes 2016, section 197.236, subdivision 9, is amended to read:

Subd. 9. **Burial fees.** (a) The commissioner of veterans affairs shall establish a fee schedule, which may be adjusted from time to time, for the interment of eligible spouses and dependent children. The fees shall cover as nearly as practicable the actual costs of interment, excluding the value of the plot.

(b) Upon application, the commissioner may waive or reduce the burial fee in the case of for an indigent eligible person. The commissioner shall develop a policy, eligibility standards, and application form for requests to waive or reduce the burial fee to indigent eligible applicants.

(c) No plot or interment fees may be charged for the burial of service members who die on active duty or eligible veterans, as defined in United States Code, title 38, section 101, paragraph (2).

Sec. 5. **[197.6091] VETERANS BENEFITS SERVICES; DISCLOSURE REQUIREMENTS.**

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

(b)(1) "Advertising" or "advertisement" means any of the following:

(i) any written or printed communication made for the purpose of soliciting business for veterans benefits appeal services, including but not limited to a brochure, letter, pamphlet, newspaper, telephone listing, periodical, or other writing;

(ii) any directory listing caused or permitted by a person and made available by that person indicating that veterans benefits appeal services are being offered; or

(iii) any radio, television, computer network, or similar airwave or electronic transmission that solicits business for or promotes a person offering veterans benefits appeal services.

(2) "Advertising" or "advertisement" does not include any of the following:

(i) any printing or writing used on buildings, uniforms, or badges, where the purpose of the writing is for identification; or

(ii) any printing or writing in a memorandum or other communication used in the ordinary course of business where the sole purpose of the writing is other than soliciting business for veterans benefits appeal services.

(c) "Veterans benefits appeal services" means services that a veteran might reasonably require in order to appeal a denial of federal or state veterans benefits, including but not limited to denials of disability, limited income, home loan, insurance, education and training, burial and memorial, and dependent and survivor benefits.

(d) "Veterans benefits services" means services that a veteran or a family member of a veteran might reasonably use in order to obtain federal, state, or county veterans benefits.

(e) "Written disclosure statement" means the written disclosure statement developed by the commissioner of veterans affairs pursuant to section 196.05, subdivision 1.

Subd. 2. **Advertising disclosure requirements.** A person advertising veterans benefits appeal services must conspicuously disclose in the advertisement, in similar type size or voice-over, that veterans benefits appeal services are also offered at no cost by county veterans service officers under sections 197.603 and 197.604.

Subd. 3. **Veterans benefits services disclosure requirements.** A person who provides veterans benefits services in exchange for compensation shall provide a written disclosure statement to each client or prospective client. Before a person enters into an agreement to provide veterans benefits services or accepts money or any other thing of value for the provision of veterans benefits services, the person must obtain the signature of the client on a written disclosure statement containing an attestation by the client that the client has read and understands the written disclosure statement.

Subd. 4. **Violations; penalties.** A person who fails to comply with this section is subject to a civil penalty not to exceed \$1,000 for each violation. Civil penalties shall be assessed by the district court in an action initiated by the attorney general. For the purposes of computing the amount of each civil penalty, each day of a continuing violation constitutes a separate violation. Additionally, the attorney general may accept a civil penalty as determined by the attorney general in settlement of an investigation of a violation of this section regardless of whether an action has been filed under this section. Any civil penalty recovered shall be deposited in the Support Our Troops account established under section 190.19.

Subd. 5. **Nonapplicability.** This section does not apply to the owner or personnel of any medium in which an advertisement appears or through which an advertisement is disseminated.

Sec. 6. Minnesota Statutes 2016, section 197.791, subdivision 2, is amended to read:

Subd. 2. **Program established.** The Minnesota GI Bill program is established to provide postsecondary educational assistance, apprenticeship and on-the-job training benefits, and other professional and educational benefits to eligible Minnesota veterans and to the children and spouses of deceased and severely disabled Minnesota veterans.

The commissioner, in cooperation with eligible postsecondary educational institutions, shall administer the program for the purpose of providing postsecondary educational assistance to eligible persons in accordance with this section. Each public postsecondary educational institution in the state must participate in the program and each private postsecondary educational institution in the state is encouraged to participate in the program. Any participating private institution may suspend or terminate its participation in the program at the end of any semester or other academic term.

Sec. 7. Minnesota Statutes 2016, section 197.791, subdivision 3, is amended to read:

Subd. 3. **Duties; responsibilities.** (a) The commissioner shall establish policies and procedures including, but not limited to, procedures for student application record keeping, information sharing, payment of educational assistance benefits under subdivision 5, payment of apprenticeship or on-the-job training benefits under subdivision 5a, payment of other educational or professional benefits under subdivision 5, and other procedures the commissioner considers appropriate and necessary for effective and efficient administration of the program established in this section.

(b) The commissioner may delegate part or all of the administrative procedures for the program to responsible representatives of participating eligible institutions. The commissioner may execute an interagency agreement with the Minnesota Office of Higher Education for services the commissioner determines necessary to administer the program.

Sec. 8. Minnesota Statutes 2016, section 197.791, subdivision 4, is amended to read:

Subd. 4. **Eligibility.** (a) A person is eligible for educational assistance under ~~this section~~ subdivisions 5 and 5a if:

(1) the person is:

(i) a veteran who is serving or has served honorably in any branch or unit of the United States armed forces at any time;

(ii) a nonveteran who has served honorably for a total of five years or more cumulatively as a member of the Minnesota National Guard or any other active or reserve component of the United States armed forces, and any part of that service occurred on or after September 11, 2001;

(iii) the surviving spouse or child of a person who has served in the military and who has died as a direct result of that military service, only if the surviving spouse or child is eligible to receive federal education benefits under United States Code, title 38, chapter 33, as amended, or United States Code, title 38, chapter 35, as amended; or

(iv) the spouse or child of a person who has served in the military at any time and who has a total and permanent service-connected disability as rated by the United States Veterans Administration, only if the spouse or child is eligible to receive federal education benefits under United States Code, title 38, chapter 33, as amended, or United States Code, title 38, chapter 35, as amended; and

(2) the person receiving the educational assistance is a Minnesota resident, as defined in section 136A.101, subdivision 8; and

(3) the person receiving the educational assistance:

(i) is an undergraduate or graduate student at an eligible institution;

(ii) is maintaining satisfactory academic progress as defined by the institution for students participating in federal Title IV programs;

(iii) is enrolled in an education program leading to a certificate, diploma, or degree at an eligible institution;

(iv) has applied for educational assistance under this section prior to the end of the academic term for which the assistance is being requested;

(v) is in compliance with child support payment requirements under section 136A.121, subdivision 2, clause (5); and

(vi) has completed the Free Application for Federal Student Aid (FAFSA).

(b) A person's eligibility terminates when the person becomes eligible for benefits under section 135A.52.

(c) To determine eligibility, the commissioner may require official documentation, including the person's federal form DD-214 or other official military discharge papers; correspondence from the United States Veterans Administration; birth certificate; marriage certificate; proof of enrollment at an eligible institution; signed affidavits; proof of residency; proof of identity; or any other official documentation the commissioner considers necessary to determine eligibility.

(d) The commissioner may deny eligibility or terminate benefits under this section to any person who has not provided sufficient documentation to determine eligibility for the program. An applicant may appeal the commissioner's eligibility determination or termination of benefits in writing to the commissioner at any time. The commissioner must rule on any application or appeal within 30 days of receipt of all documentation that the commissioner requires. The decision of the commissioner regarding an appeal is final. However, an applicant whose appeal of an eligibility determination has been rejected by the commissioner may submit an additional appeal of that determination in writing to the commissioner at any time that the applicant is able to provide substantively significant additional information regarding the applicant's eligibility for the program. An approval of an applicant's eligibility by the commissioner following an appeal by the applicant is not retroactively effective for more than one year or the semester of the person's original application, whichever is later.

(e) Upon receiving an application with insufficient documentation to determine eligibility, the commissioner must notify the applicant within 30 days of receipt of the application that the application is being suspended pending receipt by the commissioner of sufficient documentation from the applicant to determine eligibility.

Sec. 9. Minnesota Statutes 2016, section 197.791, subdivision 5, is amended to read:

Subd. 5. **Benefit Educational assistance amount.** (a) On approval by the commissioner of eligibility for the program, the applicant shall be awarded, on a funds-available basis, the educational assistance under the program for use at any time according to program rules at any eligible institution.

(b) The amount of educational assistance in any semester or term for an eligible person must be determined by subtracting from the eligible person's cost of attendance the amount the person received or was eligible to receive in that semester or term from:

(1) the federal Pell Grant;

(2) the state grant program under section 136A.121; and

(3) any federal military or veterans educational benefits including but not limited to the Montgomery GI Bill, GI Bill Kicker, the federal tuition assistance program, vocational rehabilitation benefits, and any other federal benefits associated with the person's status as a veteran, except veterans disability payments from the United States Veterans Administration and payments made under the Veterans Retraining Assistance Program (VRAP).

(c) The amount of educational assistance for any eligible person who is a full-time student must not exceed the following:

~~(1) \$1,000 per semester or term of enrollment;~~

~~(2) (1) \$3,000 per state fiscal year; and~~

~~(3) (2) \$10,000 in a lifetime.~~

(d) A person eligible under this subdivision may use the benefit amounts for the following purposes:

(1) licensing or certification tests, the successful completion of which demonstrates an individual's possession of the knowledge or skill required to enter into, maintain, or advance in employment in a predetermined and identified vocation or profession, provided that the tests and the licensing or credentialing organizations or entities that offer the tests are approved by the commissioner;

(2) tests for admission to institutions of higher learning or graduate schools;

(3) national tests providing an opportunity for course credit at institutions of higher learning;

(4) a preparatory course for a test that is required or used for admission to an institution of higher education or a graduate program; and

(5) any fee associated with the pursuit of a professional or educational objective specified in clauses (1) to (4).

(e) If an eligible person receives benefits under subdivision 5, the eligible person's aggregate benefits under this subdivision and subdivision 5 must not exceed \$10,000 in the eligible person's lifetime.

(f) If an eligible person receives benefits under subdivision 5a, the eligible person's aggregate benefits under this subdivision and subdivision 5a must not exceed \$10,000 in the eligible person's lifetime.

For a part-time student, the amount of educational assistance must not exceed \$500 per semester or term of enrollment. For the purpose of this paragraph, a part-time undergraduate student is a student taking fewer than 12 credits or the equivalent for a semester or term of enrollment and a part-time graduate student is a student considered part time by the eligible institution the graduate student is attending. The minimum award for undergraduate and graduate students is \$50 per term.

Sec. 10. Minnesota Statutes 2016, section 197.791, subdivision 5a, is amended to read:

Subd. 5a. **Apprenticeship and on-the-job training.** (a) The commissioner, in consultation with the commissioners of employment and economic development and labor and industry, shall

develop and implement an apprenticeship and on-the-job training program to administer a portion of the Minnesota GI Bill program to pay benefit amounts to eligible ~~applicants~~ persons, as provided in this subdivision.

(b) An "eligible employer" means an employer operating a qualifying apprenticeship or on-the-job training program that has been approved by the commissioner.

(c) A person is eligible for apprenticeship and on-the-job training assistance under this subdivision if the person meets the criteria established under subdivision 4, ~~paragraphs paragraph (a), clause (1), and (c) to (e).~~ The commissioner may determine eligibility as provided in subdivision 4, paragraph (c), and may deny or terminate benefits as prescribed under subdivision 4, paragraphs (d) and (e). The amount of assistance paid to or on behalf of an eligible individual under this subdivision must not exceed the following:

(1) ~~\$2,000~~ \$3,000 per fiscal year for apprenticeship expenses;

(2) ~~\$2,000~~ \$3,000 per fiscal year for on-the-job training;

(3) \$1,000 for a job placement credit payable to an eligible employer upon hiring and completion of six consecutive months' employment of a person receiving assistance under this subdivision; and

(4) \$1,000 for a job placement credit payable to an eligible employer after a person receiving assistance under this subdivision has been employed by the eligible employer for at least 12 consecutive months as a full-time employee.

No more than ~~\$3,000~~ \$5,000 in aggregate benefits under this paragraph may be paid to or on behalf of an individual in one fiscal year, and not more than ~~\$9,000~~ \$10,000 in aggregate benefits under this paragraph may be paid to or on behalf of an individual over any period of time.

(d) Assistance for apprenticeship expenses and on-the-job training is available for qualifying programs, which must, at a minimum, meet the following criteria:

(1) the training must be with an eligible employer;

(2) the training must be documented and reported;

(3) the training must reasonably be expected to lead to an entry-level position; and

(4) the position must require at least six months of training to become fully trained.

ARTICLE 5

LIQUOR

Section 1. Minnesota Statutes 2016, section 85.0505, is amended by adding a subdivision to read:

Subd. 3. **Fort Ridgely State Park.** The commissioner of public safety, with the approval of the commissioner of natural resources, may issue to a concessionaire, lessee, or person holding a contract with the Department of Natural Resources an on-sale license for the sale of intoxicating liquor at the Fort Ridgely State Park golf course. The annual fee for the license issued pursuant to this subdivision shall be set by the commissioner of public safety at an amount comparable to the fee charged by the surrounding counties for a similar license. All provisions of chapter 340A not

inconsistent with this subdivision shall apply to the sale of intoxicating liquor at the Fort Ridgely State Park golf course.

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

Sec. 2. Minnesota Statutes 2016, section 340A.22, subdivision 1, is amended to read:

Subdivision 1. **Activities.** (a) A microdistillery licensed under this chapter may provide on its premises samples of distilled spirits manufactured on its premises, in an amount not to exceed 15 milliliters per variety per person. No more than 45 milliliters may be sampled under this paragraph by any person on any day.

(b) A microdistillery can sell cocktails to the public, pursuant to subdivision 2.

(c) A microdistillery may not operate a cocktail room under subdivision 2 or conduct sales at off-sale under subdivision 4 unless at least 50 percent of the annual production of the licensee is processed and distilled on premises.

(d) Distilled spirits produced or in production prior to July 1, 2017, are not counted as part of the calculations under paragraph (c).

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

Sec. 3. Minnesota Statutes 2016, section 340A.22, subdivision 2, is amended to read:

Subd. 2. **Cocktail room license.** (a) A municipality, including a city with a municipal liquor store, may issue the holder of a microdistillery license under this chapter a microdistillery cocktail room license. A microdistillery cocktail room license authorizes on-sale of distilled liquor produced by the distiller for consumption on the premises of or adjacent to one distillery location owned by the distiller. Notwithstanding section 340A.504, subdivision 3, a cocktail room may be open and may conduct on-sale business on Sundays if authorized by the municipality. Nothing in this subdivision precludes the holder of a microdistillery cocktail room license from also holding a license to operate a restaurant at the distillery. Section 340A.409 shall apply to a license issued under this subdivision. All provisions of this chapter that apply to a retail liquor license shall apply to a license issued under this subdivision unless the provision is explicitly inconsistent with this subdivision.

(b) A distiller may only have one cocktail room license under this subdivision, and may not have an ownership interest in a distillery licensed under section 340A.301, subdivision 6, clause (a).

(c) The municipality shall impose a licensing fee on a distiller holding a microdistillery cocktail room license under this subdivision, subject to limitations applicable to license fees under section 340A.408, subdivision 2, paragraph (a).

(d) A municipality shall, within ten days of the issuance of a license under this subdivision, inform the commissioner of the licensee's name and address and trade name, and the effective date and expiration date of the license. The municipality shall also inform the commissioner of a license transfer, cancellation, suspension, or revocation during the license period.

(e) No single entity may hold both a cocktail room and taproom license, and a cocktail room and taproom may not be colocated.

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

Sec. 4. Minnesota Statutes 2016, section 340A.24, subdivision 3, is amended to read:

Subd. 3. **Total retail sales.** A brew pub's total retail sales at on- or off-sale under this section may not exceed 3,500 barrels per year, provided that off-sales may not total more than ~~500~~ 750 barrels.

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

Sec. 5. Minnesota Statutes 2016, section 340A.28, subdivision 1, is amended to read:

Subdivision 1. **License; limitations.** A brewer licensed under section 340A.301, subdivision 6, clause (c), (i), or (j), may be issued a license by a municipality for off-sale of malt liquor at its licensed premises that has been produced and packaged by the brewer. The license must be approved by the commissioner. A brewer may only have one license under this subdivision. The amount of malt liquor sold at off-sale may not exceed ~~500~~ 750 barrels annually. Off-sale of malt liquor shall be limited to the legal hours for off-sale at exclusive liquor stores in the jurisdiction in which the brewer is located, and the malt liquor sold off-sale must be removed from the premises before the applicable off-sale closing time at exclusive liquor stores, except that malt liquor in growlers only may be sold at off-sale on Sundays. Sunday sales must be approved by the licensing jurisdiction and hours may be established by those jurisdictions. Packaging of malt liquor for off-sale under this subdivision must comply with section 340A.285.

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

Sec. 6. Minnesota Statutes 2016, section 340A.301, is amended by adding a subdivision to read:

Subd. 12. **3.2 percent malt liquor; label.** 3.2 percent malt liquor, as defined under section 340A.101, subdivision 19, may be sold with a label that states "MAX 3.2% ALC/WT" or equivalent, on the side of the can or bottle, and does not require a similar disclosure on the can top or bottom. The commissioner shall establish standards to implement this requirement.

EFFECTIVE DATE. This section is effective July 1, 2017, and applies to all cans or bottles sold after that date.

Sec. 7. Minnesota Statutes 2016, section 340A.315, subdivision 7, is amended to read:

Subd. 7. **Distilled spirits permitted.** Farm wineries licensed under this section are permitted to manufacture distilled spirits as defined under section 340A.101, subdivision 9, which may exceed 25 percent alcohol by volume, made from Minnesota-produced or Minnesota-grown grapes, grape juice, other fruit bases, or honey. The following conditions pertain:

(1) no farm winery or firm owning multiple farm wineries may manufacture more than 5,000 gallons of distilled spirits in a given year, and this 5,000 gallon limit is part of the 50,000 gallon limit found in subdivision 2;

(2) a farm winery may not sell at on-sale, off-sale, or wholesale, a distilled spirit that does not qualify as a Minnesota spirit. For purposes of this section, to qualify as a Minnesota spirit, 50

percent of the distilled spirit must be processed and distilled on premises. Distilled spirits produced or in production prior to July 1, 2017, are not counted as part of the calculations under this clause;

(3) farm wineries must pay an additional annual fee of \$50 to the commissioner before beginning production of distilled spirits; and

(3) (4) farm wineries may not sell or produce distilled spirits for direct sale to manufacturers licensed under section 340A.301, subdivision 6, paragraph (a).

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

Sec. 8. **[340A.425] SERVICE AT CAPITOL.**

Notwithstanding section 340A.412, subdivision 4, paragraph (a), clause (2), the city of St. Paul may issue an on-sale wine and malt liquor license for the premises known as the State Capitol, including the Capitol cafeteria. The commissioner of administration must specify those areas where service is being requested. The Department of Administration shall enter into an agreement with a food service vendor or another vendor on all matters related to the sale of wine and malt liquor in the Capitol. Section 16B.275 does not apply to the sale of wine and malt liquor in the Capitol and all fees charged or profits earned by the Department of Administration from the sale of wine and malt liquor in the Capitol must be deposited in a capitol revenues account in the special revenue fund and are appropriated to the commissioner for capitol preservation and programming. The Capitol must sell wine and malt liquor that are made in Minnesota.

EFFECTIVE DATE. This section is effective upon approval by the Saint Paul City Council and compliance with Minnesota Statutes, section 645.021.

Sec. 9. Minnesota Statutes 2016, section 340A.504, subdivision 6, is amended to read:

Subd. 6. **Municipalities may limit hours.** A municipality may further limit the days or hours of on and off sales of alcoholic beverages, provided that further restricted on-sale hours for intoxicating liquor must apply equally to on-sale hours of 3.2 percent malt liquor. A city may not permit the sale of alcoholic beverages during hours when the sale is prohibited by this section.

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

Sec. 10. Laws 1999, chapter 202, section 13, as amended by Laws 2013, chapter 42, section 8, is amended to read:

Sec. 13. **CITY OF ST. PAUL; LICENSES AUTHORIZED.**

(a) The city of St. Paul may issue temporary intoxicating liquor licenses under Minnesota Statutes, section 340A.404, subdivision 10, to Macalester college for the Macalester Scottish fair, Springfest, and for the annual alumni reunion weekend without regard to the limitation in Minnesota Statutes, section 340A.410, subdivision 10, paragraph (b).

(b) Notwithstanding Minnesota Statutes, section 340A.412, subdivision 4, the city of St. Paul may issue a temporary on-sale intoxicating liquor license to Twin Cities in Motion, or its successor organization, if any. The license may authorize ~~only the sale of intoxicating malt liquor and 3.2 percent malt liquor on the grounds of the state capitol on the day of the Twin Cities Marathon. The intoxicating~~ Any malt liquor and 3.2 percent malt liquor sold must be produced by a Minnesota

brewery. All provisions of Minnesota Statutes, section 340A.404, subdivision 10, not inconsistent with this section, apply to the license authorized by this section.

EFFECTIVE DATE. This section is effective upon approval by the Saint Paul City Council and compliance with Minnesota Statutes, section 645.021.

Sec. 11. **SPECIAL LICENSE; COLD SPRING.**

Notwithstanding any law or ordinance to the contrary, the city of Cold Spring may issue an intoxicating malt liquor license to the Cold Spring Baseball Association for sales at Cold Spring Baseball Park, located at 700 First Street South. The license may allow service and consumption anywhere within the Baseball Park, at events hosted or scheduled by the Association.

EFFECTIVE DATE. This section is effective upon approval by the Cold Spring City Council and compliance with Minnesota Statutes, section 645.021.

Sec. 12. **FOOD HALL LICENSE; MINNEAPOLIS.**

Notwithstanding Minnesota Statutes, section 340A.101, subdivision 25, 340A.401, or 340A.410, subdivision 7, or any other law or ordinance to the contrary, the city of Minneapolis may issue an on-sale intoxicating liquor license for a licensee serving as an anchor tenant for a food hall to be located at 501 30th Avenue Southeast. The license may allow service and consumption anywhere within the licensee establishment, and anywhere within the larger food hall, provided that the larger premises is specified in the on-sale license. Multiple independent food vendors will be able to utilize a common seating area under the control of the liquor license holder to allow the public to purchase and consume food from third parties while also consuming licensed beverages sold by the license holder.

EFFECTIVE DATE. This section is effective upon approval by the city of Minneapolis and compliance with Minnesota Statutes, section 645.021.

Sec. 13. **CITY OF MINNEAPOLIS; SPECIAL LICENSES.**

The city of Minneapolis may issue an on-sale intoxicating liquor license to a restaurant located at 4312 Upton Avenue South, notwithstanding any law or local ordinance or charter provision.

EFFECTIVE DATE. This section is effective upon approval by the Minneapolis City Council and compliance with Minnesota Statutes, section 645.021.

Sec. 14. **SPECIAL EVENTS; CAPITOL.**

Notwithstanding any law or ordinance to the contrary, the city of St. Paul may issue two separate temporary liquor licenses for special events at the Minnesota Capitol, allowing sale throughout the Capitol building and on the Capitol grounds, as specified by the commissioner of administration. The first special event license shall be for events relating to the ceremonial opening of the restored State Capitol in August 2017. The second special event license shall be for events associated with the Super Bowl and the construction of an ice castle in 2018. Licenses shall be for on-sale during all legal hours of service and shall allow all service of wine, malt liquor, and distilled spirits. Service must be limited to wine, malt liquor, and distilled spirits that are made in Minnesota.

EFFECTIVE DATE. This section is effective upon approval by the Saint Paul City Council and compliance with Minnesota Statutes, section 645.021.

Sec. 15. **NATIONAL FOOTBALL LEAGUE TRAINING SITE; ON-SALE LICENSES.**

Notwithstanding Minnesota Statutes, section 340A.404, subdivision 1, or any other law or local ordinance to the contrary, the city of Eagan may issue an on-sale intoxicating liquor license to the owner of a National Football League sports facility located on property in the city of Eagan in Dakota County, legally described as Lot 1, Block 1, Viking Lakes, and to any concessionaire operator or third-party vendor under contract with the owner. The license authorizes the sale of intoxicating liquor to persons attending any and all events on Lots 1 and 2, Block 1, Viking Lakes, that are in conjunction with activities on Lot 1. The license may be issued for a space that is not compact and contiguous, provided that the licensed premises shall only be the space described in the approved license. The license authorizes sales on all days of the week. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the license under this section.

EFFECTIVE DATE. This section is effective upon approval by the Eagan City Council and compliance with Minnesota Statutes, section 645.021.

Sec. 16. **SPECIAL LICENSE; NEW HOPE.**

Notwithstanding any law or ordinance to the contrary, the city of New Hope may issue an on-sale intoxicating liquor license for the New Hope Village Golf Course that is located at 8130 Bass Lake Road and is owned by the city. The provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the license issued under this section. The city of New Hope is deemed the licensee under this section, and the provisions of Minnesota Statutes, sections 340A.603 and 340A.604, apply to the license as if the establishment were a municipal liquor store.

EFFECTIVE DATE. This section is effective upon approval by the New Hope City Council and compliance with Minnesota Statutes, section 645.021.

Sec. 17. **SPECIAL LICENSE; SARTELL.**

The city of Sartell may issue an on-sale intoxicating liquor license, an on-sale wine license, or an on-sale malt liquor license for the city-owned facilities known as Sartell Community Center, located at 850 19th Street South; Pinecone Central Park, located at 1105 Central Park Blvd; and Champion Field, located at 710 12th Street North, notwithstanding any law, local ordinance, or charter provision. A license issued under this section authorizes sales on all days of the week to persons attending events at these facilities. The provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the licenses issued under this section. The city of Sartell is deemed the licensee under this section, and the provisions of Minnesota Statutes, sections 340A.603 and 340A.604, apply to the licenses as if the facilities were a municipal liquor store.

EFFECTIVE DATE. This section is effective upon approval by the Sartell City Council and compliance with Minnesota Statutes, section 645.021.

Sec. 18. SPECIAL CLOSING TIMES; 2018 SUPER BOWL.

During the 2018 National Football League Super Bowl at U.S. Bank Stadium, licensing jurisdictions that issue on-sale intoxicating liquor licenses under Minnesota Statutes, chapter 340A, may, at their discretion, issue special permits for service of alcohol through extended hours lasting until 4:00 a.m. each day. This section is subject to the following conditions:

(1) only holders of an existing on-sale intoxicating liquor license or a 3.2 malt liquor license are eligible for later closing hours;

(2) later closing hours apply only during the period from 12:00 p.m. on February 2, 2018, through 4:00 a.m. on February 5, 2018;

(3) local licensing jurisdictions issuing special permits to operate with extended hours during the days listed in clause (2) may charge a fee up to but not to exceed \$250 for a permit. In the process of issuing a permit under this section, the licensing jurisdiction may limit approval to specified geographic, zoning, or license classifications within its jurisdiction; and

(4) this section expires at 4:01 a.m. on February 5, 2018.

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

Sec. 19. REPEALER.

Laws 2001, chapter 193, section 10, as amended by Laws 2013, chapter 137, article 4, section 6; and Laws 2013, chapter 137, article 4, section 6, are repealed.

Presented to the governor May 26, 2017