

**CHAPTER 182--S.F.No. 3326**

*An act relating to legislative enactments; making miscellaneous technical corrections to laws and statutes; correcting erroneous, obsolete, and omitted text and references; removing redundant, conflicting, and superseded provisions; amending Minnesota Statutes 2016, sections 5.36, subdivision 5; 6.80, subdivision 1; 13.46, subdivision 10; 13.4967, subdivision 2b; 13.6905, by adding subdivisions; 13.712, by adding a subdivision; 13.7191, by adding a subdivision; 13.851, by adding a subdivision; 13.871, subdivision 13; 28A.151, subdivision 5; 62N.40; 97A.475, subdivisions 3a, 4; 103E.011, subdivision 2; 116D.04, subdivision 5a; 116P.09, subdivision 4; 120B.232, subdivision 1a; 122A.14, subdivision 10; 122A.60, subdivision 2; 123A.36, subdivision 9; 123A.46, subdivisions 8, 10; 123A.48, subdivisions 2, 5; 124D.095, subdivision 8; 124D.52, subdivision 4; 125A.0942, subdivision 1; 125A.76, subdivision 1; 126C.10, subdivision 17; 128B.03, subdivision 3a; 144.651, subdivision 2; 144D.01, subdivision 4; 148.911; 152.01, subdivision 22; 152.021, subdivision 2a; 239.791, subdivision 12; 241.021, subdivision 4a; 244.05, subdivision 4; 245.462, subdivision 4; 245.735, subdivision 3; 245A.02, subdivisions 20, 21, 22; 245A.095, subdivision 2; 245A.10, subdivision 4; 245A.1443, subdivision 1; 245A.1444; 245F.02, subdivisions 3, 7; 245F.06, subdivision 2; 245F.15, subdivision 4; 252.021; 256B.0622, subdivision 7a; 256B.0625, subdivision 16; 256B.69, subdivision 5a; 256C.23, subdivision 1; 256I.03, subdivision 14; 256P.07, subdivision 7; 256R.04, subdivision 7; 268.069, subdivision 1; 268.085, subdivision 2; 268.101, subdivision 1; 268.186, subdivision 1; 290.068; 290.0921, subdivision 4; 290.92, subdivision 19; 290.923, subdivision 8; 290C.12; 290C.13, subdivision 7; 291.03, subdivision 8; 296A.24, subdivision 2; 297A.91, subdivision 2; 297E.16, subdivision 2; 297F.06, subdivision 1; 297F.21, subdivision 3; 297G.20, subdivision 4; 299A.706; 326B.988; 327.665, subdivision 2; 336.9-513; 398.19; 471.16, subdivision 1; 477A.013, subdivision 13; 508A.17, subdivision 1; 518A.39, subdivision 2; 609.11, subdivision 9; 609A.02, subdivision 3; Minnesota Statutes 2017 Supplement, sections 62I.02, subdivision 5; 84D.03, subdivision 3; 97C.355, subdivision 2; 120B.12, subdivision 2; 120B.234, subdivision 2; 122A.09, subdivisions 7, 9; 122A.14, subdivision 1; 122A.40, subdivision 8; 122A.41, subdivision 5; 124D.68, subdivision 2; 124D.99, subdivision 4; 124E.11; 136A.653, subdivision 1; 181A.04, subdivision 6; 245G.15, subdivision 1; 254A.03, subdivision 1; 254B.05, subdivisions 1a, 5; 256B.051, subdivision 2; 256B.0915, subdivision 1; 256B.0949, subdivision 13; 256B.25, subdivision 3; 256B.76, subdivision 1; 256B.761; 256C.261; 256D.44, subdivision 2; 256E.30, subdivision 2; 256I.04, subdivision 3; 256N.261, subdivision 1; 260B.050; 270.071, subdivision 7a; 270.074, subdivision 1; 272.02, subdivision 10; 273.372, subdivision 2; 290.01, subdivision 31; 290.067, subdivision 1; 290.081; 291.03, subdivision 11; 297A.71, subdivision 44; 341.25; 477A.011, subdivision 34; 477A.013, subdivision 1; Laws 2017, chapter 94, article 3, section 11; article 6, section 27; Laws 2017, First Special Session chapter 5, article 11, sections 8, subdivision 1; 10, subdivision 2; repealing Minnesota Statutes 2016, sections 124D.8957, subdivision 24; 256.9657, subdivision 1c; 256.9692; 290.067, subdivision 2a; 298.402; Laws 2009, chapter 37, article 3, section 4; Laws 2013, chapter 84, article 1, sections 25; 30; Laws 2014, chapter 199, sections 18; 19; 20; Laws 2014, chapter 222, article 2, sections 3; 8; 9; Laws 2014, chapter 286, article 8, section 19.*

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

**ARTICLE 1****MISCELLANEOUS**

Section 1. Minnesota Statutes 2016, section 5.36, subdivision 5, is amended to read:

**Subd. 5. Change of business address or name of agent.** If the business address or name of a registered agent changes, the agent shall change the address of the registered office or the name of the registered agent,

as the case may be, of each business entity represented by that agent by filing with the secretary of state a statement as required in subdivision 1, except that it need be signed only by the registered agent, need not be responsive to subdivision 3, clause ~~(4)~~ (6), and must state that a copy of the statement has been mailed to each of those business entities or to the legal representative of each of those business entities.

Sec. 2. Minnesota Statutes 2016, section 6.80, subdivision 1, is amended to read:

Subdivision 1. **Generally.** ~~(a) Except as provided in paragraph (b),~~ A local government unit may request the state auditor to grant a waiver from one or more administrative rules or a temporary, limited exemption from enforcement of state procedural laws governing delivery of services by the local government unit. Two or more local government units may submit a joint application for a waiver or exemption under this section if they propose to cooperate in providing a service or program that is subject to the rule or law. Before submitting an application to the state auditor, the governing body of the local government unit must approve, in concept, the proposed waiver or exemption at a meeting required to be public under chapter 13D. A local government unit or two or more units acting jointly may apply for a waiver or exemption on behalf of a nonprofit organization providing services to clients whose costs are paid by the unit or units. A waiver or exemption granted to a nonprofit organization under this section applies to services provided to all the organization's clients.

~~(b) A school district that is granted a variance from rules of the commissioner of education under section 122A.163, need not apply for a waiver of those rules under this section. A school district may not seek a waiver of rules under this section if the commissioner of education has authority to grant a variance to the rules under section 122A.163. This paragraph does not preclude a school district from being included in a cooperative effort with another local government unit under this section.~~

~~(c)~~ ~~(b)~~ Before petitioning the state auditor's office for an exemption from an administrative rule, the petitioner must have requested and been denied such an exemption from the appropriate agency pursuant to sections 14.055 and 14.056.

Sec. 3. Minnesota Statutes 2016, section 13.4967, subdivision 2b, is amended to read:

Subd. 2b. **Sustainable forest incentive.** Data collected under section 290C.04 are classified and may be shared as provided in paragraph ~~(d)~~ (e) of that section.

**EFFECTIVE DATE.** This section is effective for certifications and applications due in 2018 and thereafter.

Sec. 4. Minnesota Statutes 2016, section 28A.151, subdivision 5, is amended to read:

Subd. 5. **Food safety and equipment standards.** Any person conducting food product sampling or food product demonstrations shall meet the same food safety and equipment standards that are required of a special event food stand in Minnesota Rules 2015, ~~parts~~ part 4626.1855, items B to O, Q, and R; and Minnesota Rules 2015, part 4626.0330.

Sec. 5. Minnesota Statutes 2017 Supplement, section 62I.02, subdivision 5, is amended to read:

Subd. 5. **Accounts.** ~~(a)~~ For the purposes of administration and assessment, ~~and except as otherwise authorized under paragraph (b),~~ the association shall be divided into three separate accounts:

- (1) the property and casualty insurance account;
- (2) the personal injury liability insurance account-liquor; and
- (3) the personal injury liability insurance account-medical malpractice.

Sec. 6. Minnesota Statutes 2017 Supplement, section 84D.03, subdivision 3, is amended to read:

Subd. 3. **Bait harvest from infested waters.** (a) Taking wild animals from infested waters for bait or aquatic farm purposes is prohibited except as provided in paragraph (b); or (c), ~~or (d)~~ and section 97C.341.

(b) In waters that are listed as infested waters, except those listed as infested with prohibited invasive species of fish or certifiable diseases of fish, as defined under section 17.4982, subdivision 6, taking wild animals may be permitted for:

(1) commercial taking of wild animals for bait and aquatic farm purposes as provided in a permit issued under section 84D.11, subject to rules adopted by the commissioner; and

(2) bait purposes for noncommercial personal use in waters that contain Eurasian watermilfoil, when the infested waters are listed solely because they contain Eurasian watermilfoil and if the equipment for taking is limited to cylindrical minnow traps not exceeding 16 inches in diameter and 32 inches in length.

(c) In streams or rivers that are listed as infested waters, except those listed as infested with certifiable diseases of fish, as defined under section 17.4982, subdivision 6, the harvest of bullheads, goldeyes, mooneyes, sheepshead (freshwater drum), and suckers for bait by hook and line for noncommercial personal use is allowed as follows:

(1) fish taken under this paragraph must be used on the same body of water where caught and while still on that water body. Where the river or stream is divided by barriers such as dams, the fish must be caught and used on the same section of the river or stream;

(2) fish taken under this paragraph may not be transported live from or off the water body;

(3) fish harvested under this paragraph may only be used in accordance with this section;

(4) any other use of wild animals used for bait from infested waters is prohibited;

(5) fish taken under this paragraph must meet all other size restrictions and requirements as established in rules; and

(6) all species listed under this paragraph shall be included in the person's daily limit as established in rules, if applicable.

~~(d) In the Mississippi River downstream of St. Anthony Falls and the St. Croix River downstream of the dam at Taylors Falls, including portions described as Minnesota-Wisconsin boundary waters in Minnesota Rules, part 6266.0500, subpart 1, items A and B, the harvest of gizzard shad by cast net for noncommercial personal use as bait for angling, as provided in a permit issued under section 84D.11, is allowed as follows:~~

~~(1) nontarget species must immediately be returned to the water;~~

~~(2) gizzard shad taken under this paragraph must be used on the same body of water where caught and while still on that water body. Where the river is divided by barriers such as dams, the gizzard shad must be caught and used on the same section of the river;~~

~~(3) gizzard shad taken under this paragraph may not be transported off the water body; and~~

~~(4) gizzard shad harvested under this paragraph may only be used in accordance with this section.~~

~~This paragraph expires December 1, 2017.~~

~~(e)~~ (d) Equipment authorized for minnow harvest in a listed infested water by permit issued under paragraph (b) may not be transported to, or used in, any waters other than waters specified in the permit.

~~(f)~~ (e) Bait intended for sale may not be held in infested water after taking and before sale; unless authorized under a license or permit according to Minnesota Rules, part 6216.0500.

Sec. 7. Minnesota Statutes 2016, section 97A.475, subdivision 3a, is amended to read:

Subd. 3a. **Deer license donation and surcharge.** (a) A person may agree to add a donation of \$1, \$3, or \$5 to the fees for annual resident and nonresident licenses to take deer by firearms or archery established under subdivisions 2, clauses (5), (6), (7), ~~(11)~~, and (13), (14), and (15), and 3, paragraph (a), clauses (2), (3), (4), ~~and (9)~~ (10), (11), and (12).

(b) Beginning March 1, 2008, fees for bonus licenses to take deer by firearms or archery established under section 97B.301, subdivision 4, must be increased by a surcharge of \$1.

(c) An additional commission may not be assessed on the donation or surcharge.

Sec. 8. Minnesota Statutes 2016, section 97A.475, subdivision 4, is amended to read:

Subd. 4. **Small-game surcharge and donation.** (a) Fees for annual licenses to take small game must be increased by a surcharge of \$6.50, except licenses under subdivisions 2, clauses ~~(16)~~ (18) and ~~(17)~~ (19); and 3, paragraph (a), clause ~~(13)~~ (14). An additional commission may not be assessed on the surcharge and the following statement must be included in the annual small-game-hunting regulations: "This \$6.50 surcharge is being paid by hunters for the acquisition and development of wildlife lands."

(b) A person may agree to add a donation of \$1, \$3, or \$5 to the fees for annual resident and nonresident licenses to take small game. An additional commission may not be assessed on the donation. The following statement must be included in the annual small-game-hunting regulations: "The small-game license donations are being paid by hunters for administration of the walk-in access program."

Sec. 9. Minnesota Statutes 2017 Supplement, section 97C.355, subdivision 2, is amended to read:

Subd. 2. **License required.** (a) A person may not place a dark house, fish house, or shelter, except a portable shelter, on the ice unless the house or shelter:

(1) ~~the house or shelter~~ is licensed; and

(2) has the license tag attached to the exterior in a readily visible location, except as provided in this subdivision.

(b) The commissioner must issue a tag with a dark house, fish house, or shelter license, marked with a number to correspond with the license and the year of issue. A dark house, fish house, or shelter license is not required of a resident on boundary waters where the adjacent state does not charge a fee for the same activity.

Sec. 10. Minnesota Statutes 2016, section 103E.011, subdivision 2, is amended to read:

Subd. 2. **Draining water basins and watercourses.** A drainage authority may not drain a water body or begin work or activity regulated by the public-waters-work permit requirement under section 103G.245 in a watercourse until the commissioner determines that the water body or watercourse is not public waters. If a water body or watercourse is determined to be public waters, the drainage proceedings are subject to section ~~103G.215~~ 103G.211 relating to replacing public waters and the water bank program.

Sec. 11. Minnesota Statutes 2016, section 116D.04, subdivision 5a, is amended to read:

Subd. 5a. **Rules.** The board shall, by January 1, 1981, promulgate rules in conformity with this chapter and the provisions of chapter 15, establishing:

(1) the governmental unit which shall be responsible for environmental review of a proposed action;

(2) the form and content of environmental assessment worksheets;

(3) a scoping process in conformance with subdivision 2a, ~~clause (e)~~ paragraph (g);

(4) a procedure for identifying during the scoping process the permits necessary for a proposed action and a process for coordinating review of appropriate permits with the preparation of the environmental impact statement;

(5) a standard format for environmental impact statements;

(6) standards for determining the alternatives to be discussed in an environmental impact statement;

(7) alternative forms of environmental review which are acceptable pursuant to subdivision 4a;

(8) a model ordinance which may be adopted and implemented by local governmental units in lieu of the environmental impact statement process required by this section, providing for an alternative form of environmental review where an action does not require a state agency permit and is consistent with an applicable comprehensive plan. The model ordinance shall provide for adequate consideration of appropriate alternatives, and shall ensure that decisions are made in accordance with the policies and purposes of Laws 1980, chapter 447;

(9) procedures to reduce paperwork and delay through intergovernmental cooperation and the elimination of unnecessary duplication of environmental reviews;

(10) procedures for expediting the selection of consultants by the governmental unit responsible for the preparation of an environmental impact statement; and

(11) any additional rules which are reasonably necessary to carry out the requirements of this section.

Sec. 12. Minnesota Statutes 2016, section 116P.09, subdivision 4, is amended to read:

Subd. 4. **Personnel.** Persons who are employed by a state agency to work on a project and are paid by an appropriation from the trust fund are in the unclassified civil service, and their continued employment is contingent upon the availability of money from the appropriation. When the appropriation has been spent, their positions must be canceled and the approved complement of the agency reduced accordingly. Part-time employment of persons for a project is authorized. The use of classified employees is authorized when approved as part of the work program required by section 116P.05, subdivision 2, paragraph ~~(e)~~ (b).

Sec. 13. Minnesota Statutes 2017 Supplement, section 120B.12, subdivision 2, is amended to read:

Subd. 2. **Identification; report.** (a) Each school district shall identify before the end of kindergarten, grade 1, and grade 2 students who are not reading at grade level before the end of the current school year and shall identify students in grade 3 or higher who demonstrate a reading difficulty to a classroom teacher. Reading assessments in English, and in the predominant languages of district students where practicable, must identify and evaluate students' areas of academic need related to literacy. The district also must monitor the progress and provide reading instruction appropriate to the specific needs of English learners. The district must use a locally adopted, developmentally appropriate, and culturally responsive assessment and annually report summary assessment results to the commissioner by July 1. The district also must annually report to the commissioner by July 1 a summary of the district's efforts to screen and identify students with:

(1) dyslexia, using screening tools such as those recommended by the department's dyslexia ~~and literacy~~ specialist; or

(2) convergence insufficiency disorder.

(b) A student identified under this subdivision must be provided with alternate instruction under section 125A.56, subdivision 1.

Sec. 14. Minnesota Statutes 2016, section 120B.232, subdivision 1a, is amended to read:

Subd. 1a. **Staff development; continuing education.** (a) Staff development opportunities under section 122A.60 may include training in character development education that incorporates the history and values of Congressional Medal of Honor recipients under subdivision 1, paragraph (b), and is provided without cost to the interested school or district.

(b) Local continuing education and relicensure committees or other local relicensure committees under section ~~122A.18, subdivision 4~~ 122A.187, subdivision 3, are encouraged to approve up to six clock hours of continuing education for licensed teachers who complete the training in character development education under paragraph (a).

Sec. 15. Minnesota Statutes 2017 Supplement, section 120B.234, subdivision 2, is amended to read:

Subd. 2. **Curriculum.** School districts may consult with other federal, state, or local agencies and community-based organizations, including the Child Welfare Information Gateway Web site maintained by the United States Department of Health and Human Services, to identify research-based tools, curricula, and programs to prevent child sexual abuse for use under section 120B.021, subdivision 1, paragraph (d).

Sec. 16. Minnesota Statutes 2017 Supplement, section 122A.09, subdivision 7, is amended to read:

Subd. 7. **Professional Educator Licensing and Standards Board money.** All money received by the Professional Educator Licensing and Standards Board shall be paid into the state treasury as provided by law. The expenses of administering sections 120B.363, 122A.01, 122A.05 to 122A.09, 122A.15, 122A.16, 122A.17, 122A.18, 122A.181, 122A.182, 122A.183, 122A.184, 122A.185, ~~122A.186~~, 122A.187, 122A.188, 122A.20, 122A.21, 122A.22, 122A.23, 122A.2451, 122A.26, 122A.30, 122A.40, 122A.41, 122A.42, 122A.45, 122A.49, 122A.54, 122A.55, 122A.56, 122A.57, and 122A.58 ~~which~~ that are incurred by the Professional Educator Licensing and Standards Board shall be paid for from appropriations made to the Professional Educator Licensing and Standards Board.

Sec. 17. Minnesota Statutes 2017 Supplement, section 122A.09, subdivision 9, is amended to read:

Subd. 9. **Professional Educator Licensing and Standards Board must adopt rules.** (a) The Professional Educator Licensing and Standards Board must adopt rules subject to the provisions of chapter 14 to implement sections 120B.363, 122A.05 to 122A.09, 122A.092, 122A.16, 122A.17, 122A.18, 122A.181, 122A.182, 122A.183, 122A.184, 122A.185, ~~122A.186~~, 122A.187, 122A.188, 122A.20, 122A.21, 122A.23, 122A.26, 122A.28, and 122A.29.

(b) The board must adopt rules relating to fields of licensure, including a process for granting permission to a licensed teacher to teach in a field that is different from the teacher's field of licensure without change to the teacher's license tier level.

(c) The board must adopt rules relating to the grade levels that a licensed teacher may teach.

(d) If a rule adopted by the board is in conflict with a session law or statute, the law or statute prevails. Terms adopted in rule must be clearly defined and must not be construed to conflict with terms adopted in statute or session law.

(e) The board must include a description of a proposed rule's probable effect on teacher supply and demand in the board's statement of need and reasonableness under section 14.131.

(f) The board must adopt rules only under the specific statutory authority.

Sec. 18. Minnesota Statutes 2017 Supplement, section 122A.14, subdivision 1, is amended to read:

Subdivision 1. **Licensing.** The board shall license school administrators. The board shall adopt rules to license school administrators under chapter 14. Other than the rules transferred to the board under section ~~122A.18, subdivision 4~~ 122A.187, subdivision 1, the board may not adopt or amend rules under this section until the rules are approved by law. The rules shall include the licensing of persons who have successfully completed alternative preparation programs under section 122A.27 or other alternative competency-based preparation programs. The board may enter into agreements with the Professional Educator Licensing and Standards Board regarding multiple license matters.

Sec. 19. Minnesota Statutes 2016, section 122A.14, subdivision 10, is amended to read:

Subd. 10. **Principal preparation program reporting.** By December 31, 2018, and annually thereafter, the Board of School Administrators shall report and publish on its Web site the cumulative summary results of three years of data reported to the board under section ~~122A.09, subdivision 4a, paragraph (e)~~ 122A.091, subdivision 1, for each principal preparation program.

Sec. 20. Minnesota Statutes 2017 Supplement, section 122A.40, subdivision 8, is amended to read:

Subd. 8. **Development, evaluation, and peer coaching for continuing contract teachers.** (a) To improve student learning and success, a school board and an exclusive representative of the teachers in the district, consistent with paragraph (b), may develop a teacher evaluation and peer review process for probationary and continuing contract teachers through joint agreement. If a school board and the exclusive representative of the teachers do not agree to an annual teacher evaluation and peer review process, then the school board and the exclusive representative of the teachers must implement the state teacher evaluation plan under paragraph (c). The process must include having trained observers serve as peer coaches or having teachers participate in professional learning communities, consistent with paragraph (b).

(b) To develop, improve, and support qualified teachers and effective teaching practices, improve student learning and success, and provide all enrolled students in a district or school with improved and equitable access to more effective and diverse teachers, the annual evaluation process for teachers:

(1) must, for probationary teachers, provide for all evaluations required under subdivision 5;

(2) must establish a three-year professional review cycle for each teacher that includes an individual growth and development plan, a peer review process, and at least one summative evaluation performed by a qualified and trained evaluator such as a school administrator. For the years when a tenured teacher is not evaluated by a qualified and trained evaluator, the teacher must be evaluated by a peer review;

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

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

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

(6) may include job-embedded learning opportunities such as professional learning communities;

(7) may include mentoring and induction programs for teachers, including teachers who are members of populations underrepresented among the licensed teachers in the district or school and who reflect the diversity of students under section 120B.35, subdivision 3, paragraph (b), clause (2), who are enrolled in the district or school;

(8) must include an option for teachers to develop and present a portfolio demonstrating evidence of reflection and professional growth, consistent with section ~~122A.18, subdivision 4, paragraph (b)~~ 122A.187, subdivision 3, and include teachers' own performance assessment based on student work samples and examples of teachers' work, which may include video among other activities for the summative evaluation;

(9) must use data from valid and reliable assessments aligned to state and local academic standards and must use state and local measures of student growth and literacy that may include value-added models or student learning goals to determine 35 percent of teacher evaluation results;

(10) must use longitudinal data on student engagement and connection, and other student outcome measures explicitly aligned with the elements of curriculum for which teachers are responsible, including academic literacy, oral academic language, and achievement of content areas of English learners;

(11) must require qualified and trained evaluators such as school administrators to perform summative evaluations and ensure school districts and charter schools provide for effective evaluator training specific to teacher development and evaluation;

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

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

Data on individual teachers generated under this subdivision are personnel data under section 13.43. The observation and interview notes of peer coaches may only be disclosed to other school officials with the consent of the teacher being coached.

(c) The department, in consultation with parents who may represent parent organizations and teacher and administrator representatives appointed by their respective organizations, representing the Professional Educator Licensing and Standards Board, the Minnesota Association of School Administrators, the Minnesota School Boards Association, the Minnesota Elementary and Secondary Principals Associations, Education Minnesota, and representatives of the Minnesota Assessment Group, the Minnesota Business Partnership, the Minnesota Chamber of Commerce, and Minnesota postsecondary institutions with research expertise in teacher evaluation, must create and publish a teacher evaluation process that complies with the requirements in paragraph (b) and applies to all teachers under this section and section 122A.41 for whom no agreement exists under paragraph (a) for an annual teacher evaluation and peer review process. The teacher evaluation process created under this subdivision does not create additional due process rights for probationary teachers under subdivision 5.

(d) Consistent with the measures of teacher effectiveness under this subdivision:

(1) for students in kindergarten through grade 4, a school administrator must not place or approve the placement of a student in the classroom of a teacher who is in the improvement process referenced in paragraph (b), clause (12), or has not had a summative evaluation if, in the prior year, that student was in the classroom of a teacher who received discipline pursuant to paragraph (b), clause (13), unless no other teacher at the school teaches that grade; and

(2) for students in grades 5 through 12, a school administrator must not place or approve the placement of a student in the classroom of a teacher who is in the improvement process referenced in paragraph (b), clause (12), or has not had a summative evaluation if, in the prior year, that student was in the classroom of a teacher who received discipline pursuant to paragraph (b), clause (13), unless no other teacher at the school teaches that subject area and grade.

All data created and used under this paragraph retains its classification under chapter 13.



Sec. 21. Minnesota Statutes 2017 Supplement, section 122A.41, subdivision 5, is amended to read:

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

(b) To develop, improve, and support qualified teachers and effective teaching practices and improve student learning and success, and provide all enrolled students in a district or school with improved and equitable access to more effective and diverse teachers, the annual evaluation process for teachers:

(1) must, for probationary teachers, provide for all evaluations required under subdivision 2;

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

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

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

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

(6) may include job-embedded learning opportunities such as professional learning communities;

(7) may include mentoring and induction programs for teachers, including teachers who are members of populations underrepresented among the licensed teachers in the district or school and who reflect the diversity of students under section 120B.35, subdivision 3, paragraph (b), clause (2), who are enrolled in the district or school;

(8) must include an option for teachers to develop and present a portfolio demonstrating evidence of reflection and professional growth, consistent with section ~~122A.18, subdivision 4, paragraph (b)~~ 122A.187, subdivision 3, and include teachers' own performance assessment based on student work samples and examples of teachers' work, which may include video among other activities for the summative evaluation;

(9) must use data from valid and reliable assessments aligned to state and local academic standards and must use state and local measures of student growth and literacy that may include value-added models or student learning goals to determine 35 percent of teacher evaluation results;

(10) must use longitudinal data on student engagement and connection and other student outcome measures explicitly aligned with the elements of curriculum for which teachers are responsible, including academic literacy, oral academic language, and achievement of English learners;

(11) must require qualified and trained evaluators such as school administrators to perform summative evaluations and ensure school districts and charter schools provide for effective evaluator training specific to teacher development and evaluation;

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

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

Data on individual teachers generated under this subdivision are personnel data under section 13.43. The observation and interview notes of peer coaches may only be disclosed to other school officials with the consent of the teacher being coached.

(c) The department, in consultation with parents who may represent parent organizations and teacher and administrator representatives appointed by their respective organizations, representing the Professional Educator Licensing and Standards Board, the Minnesota Association of School Administrators, the Minnesota School Boards Association, the Minnesota Elementary and Secondary Principals Associations, Education Minnesota, and representatives of the Minnesota Assessment Group, the Minnesota Business Partnership, the Minnesota Chamber of Commerce, and Minnesota postsecondary institutions with research expertise in teacher evaluation, must create and publish a teacher evaluation process that complies with the requirements in paragraph (b) and applies to all teachers under this section and section 122A.40 for whom no agreement exists under paragraph (a) for an annual teacher evaluation and peer review process. The teacher evaluation process created under this subdivision does not create additional due process rights for probationary teachers under subdivision 2.

(d) Consistent with the measures of teacher effectiveness under this subdivision:

(1) for students in kindergarten through grade 4, a school administrator must not place or approve the placement of a student in the classroom of a teacher who is in the improvement process referenced in paragraph (b), clause (12), or has not had a summative evaluation if, in the prior year, that student was in the classroom of a teacher who received discipline pursuant to paragraph (b), clause (13), unless no other teacher at the school teaches that grade; and

(2) for students in grades 5 through 12, a school administrator must not place or approve the placement of a student in the classroom of a teacher who is in the improvement process referenced in paragraph (b), clause (12), or has not had a summative evaluation if, in the prior year, that student was in the classroom of a teacher who received discipline pursuant to paragraph (b), clause (13), unless no other teacher at the school teaches that subject area and grade.

All data created and used under this paragraph retains its classification under chapter 13.

Sec. 22. Minnesota Statutes 2016, section 122A.60, subdivision 2, is amended to read:

Subd. 2. **Contents of plan.** The plan must include the staff development outcomes under section 122A.40, subdivision 8, or 122A.41, subdivision 5, and section 123B.147, subdivision 3, the means to achieve the outcomes, and procedures for evaluating progress at each school site toward meeting education and staff development outcomes, consistent with relicensure requirements under section ~~122A.18, subdivision 4~~ 122A.187. The plan also must:

(1) support stable and productive professional communities achieved through ongoing and schoolwide progress and growth in teaching practice;

(2) emphasize coaching, professional learning communities, classroom action research, and other job-embedded models;

(3) maintain a strong subject matter focus premised on students' learning goals, consistent with section 120B.125;

(4) ensure specialized preparation and learning about issues related to teaching English learners and students with special needs by focusing on long-term systemic efforts to improve educational services and opportunities and raise student achievement; and

(5) reinforce national and state standards of effective teaching practice.

Sec. 23. Minnesota Statutes 2016, section 123A.36, subdivision 9, is amended to read:

Subd. 9. **Finances.** The plan must state:

(1) whether debt service for the bonds outstanding at the time of combination remains solely with the district that issued the bonds or whether all or a portion of the debt service for the bonds will be assumed by the combined district and paid by the combined district on behalf of the district that issued the bonds;

(2) whether obligations for a capital loan or energy loan made according to section 216C.37 or sections 298.292 to ~~298.298~~ 298.297 outstanding at the time of combination remain solely with the district that obtained the loan, or whether all or a portion of all the loan obligations will be assumed by the combined district and paid by the combined district on behalf of the district that obtained the loan;

(3) the treatment of debt service levies, down payment levies under section 123B.63, and referendum levies;

(4) whether the cooperating or combined district will levy for reorganization operating debt according to section 123B.82, clause (1); and

(5) two- and five-year projections, prepared by the department upon the request of any district, of revenues, expenditures, and property taxes for each district if it cooperated and combined and if it did not.

Sec. 24. Minnesota Statutes 2016, section 123A.46, subdivision 8, is amended to read:

Subd. 8. **Information to county auditor.** (a) Before the day of a hearing ordered pursuant to this section, each district adjoining the district proposed for dissolution must provide the following information and resolution to the county auditor of the county containing the greatest land area of the district proposed for dissolution:

(1) The outstanding bonded debt, outstanding energy loans made according to section 216C.37 or sections 298.292 to ~~298.298~~ 298.297, and the capital loan obligation of the district;

(2) The net tax capacity of the district;

(3) The most current school tax rates for the district, including any referendum, discretionary, or other optional levies being assessed currently and the expected duration of the levies;

(4) A resolution passed by the school board of the district stating that if taxable property of the dissolved district is attached to it, one of the following requirements is imposed:

(i) the taxable property of the dissolving district which is attached to its district shall not be liable for the bonded debt, outstanding energy loans made according to section 216C.37 or sections 298.292 to ~~298.298~~ 298.297, or the capital loan obligation of the district which existed as of the time of the attachment;

(ii) the taxable property of the dissolving district which is attached to its district shall be liable for the payment of the bonded debt, outstanding energy loans made according to section 216C.37 or sections 298.292 to ~~298.298~~ 298.297, or the capital loan obligation of the district which existed as of the time of the attachment in the proportion which the net tax capacity of that part of the dissolving district which is included in the newly enlarged district bears to the net tax capacity of the entire district as of the time of attachment; or

(iii) the taxable property of the dissolving district which is attached to its district shall be liable for some specified portion of the amount that could be requested pursuant to item (ii).

(b) An apportionment pursuant to paragraph (a), clause (4), item (ii) or (iii), shall be made by the county auditor of the county containing the greatest land area of the district proposed for transfer.

(c) An apportionment of bonded indebtedness, outstanding energy loans made according to section 216C.37 or sections 298.292 to ~~298.298~~ 298.297, or capital loan obligation pursuant to paragraph (a), clause (4), item (ii) or (iii), shall not relieve any property from any tax liability for payment of any bonded or capital obligation, but taxable property in a district enlarged pursuant to this section becomes primarily liable for the payment of the bonded debt, outstanding energy loans made according to section 216C.37 or sections 298.292 to ~~298.298~~ 298.297, or capital loan obligation to the extent of the proportion stated.

Sec. 25. Minnesota Statutes 2016, section 123A.46, subdivision 10, is amended to read:

Subd. 10. **Order for dissolution.** (a) An order issued under subdivision 9, clause (2), must contain the following:

(1) A statement that the district is dissolved unless the results of an election held pursuant to subdivision 11 provide otherwise;

(2) A description by words or plat or both showing the disposition of territory in the district to be dissolved;

(3) The outstanding bonded debt, outstanding energy loans made according to section 216C.37 or sections 298.292 to ~~298.298~~ 298.297, and the capital loan obligation of the district to be dissolved;

(4) A statement requiring the fulfillment of the requirements imposed by each adjoining district to which territory in the dissolving district is to be attached regarding the assumption of its outstanding preexisting bonded indebtedness by any territory from the dissolving district which is attached to it;

(5) An effective date for the order. The effective date shall be July 1 of an odd-numbered year unless the school board and the exclusive representative of the teachers in each affected district agree to an effective date of July 1 of an even-numbered year. The agreement must be in writing and submitted to the commissioner; and

(6) Other information the county board may desire to include.

(b) The auditor shall within ten days from its issuance serve a copy of the order by mail upon the clerk of the district to be dissolved and upon the clerk of each district to which the order attaches any territory of the district to be dissolved and upon the auditor of each other county in which any part of the district to be dissolved or any district to which the order attaches territory lies, and upon the commissioner.

Sec. 26. Minnesota Statutes 2016, section 123A.48, subdivision 2, is amended to read:

Subd. 2. **Resolution.** (a) Upon a resolution of a board in the area proposed for consolidation or upon receipt of a petition therefor executed by 25 percent of the voters resident in the area proposed for consolidation or by 50 such voters, whichever is less, the county auditor of the county which contains the greatest land area of the proposed new district shall prepare a plat. The resolution or petition must show the approximate area proposed for consolidation.

(b) The resolution or petition may propose the following:

(1) that the bonded debt of the component districts will be paid according to the levies previously made for that debt under chapter 475, or that the taxable property in the newly created district will be taxable for the payment of all or a portion of the bonded debt previously incurred by any component district as provided in subdivision 18;

(2) that obligations for a capital loan or an energy loan made according to section 216C.37 or sections 298.292 to ~~298.298~~ 298.297 outstanding in a preexisting district as of the effective date of consolidation remain solely with the preexisting district that obtained the loan, or that all or a portion of the loan obligations

will be assumed by the newly created or enlarged district and paid by the newly created or enlarged district on behalf of the preexisting district that obtained the loan;

(3) that referendum levies previously approved by voters of the component districts pursuant to section 126C.17, subdivision 9, or its predecessor provision, be combined as provided in section 123A.73, subdivision 4 or 5, or that the referendum levies be discontinued;

(4) that the board of the newly created district consist of the number of members determined by the component districts, which may be six or seven members elected according to subdivision 20, or any number of existing school board members of the component districts, and a method to gradually reduce the membership to six or seven; or

(5) that separate election districts from which board members will be elected, the boundaries of these election districts, and the initial term of the member elected from each of these election districts be established.

The resolution must provide for election of board members from one of the following options: single-member districts; multimember districts; at large; or a combination of these options. The resolution must include a plan for the orderly transition to the option chosen.

A group of districts that operates a cooperative secondary facility funded under section 123A.443 may also propose a temporary board structure as specified in section 123A.443, subdivision 9.

If a county auditor receives more than one request for a plat and the requests involve parts of identical districts, the auditor shall prepare a plat which in the auditor's opinion best serves the educational interests of the inhabitants of the districts or areas affected.

(c) The plat must show:

(1) Boundaries of the proposed district, as determined by the county auditor, and present district boundaries,

(2) The location of school buildings in the area proposed as a new district and the location of school buildings in adjoining districts,

(3) The boundaries of any proposed separate election districts, and

(4) Other pertinent information as determined by the county auditor.

Sec. 27. Minnesota Statutes 2016, section 123A.48, subdivision 5, is amended to read:

Subd. 5. **Supporting statement.** The county auditor shall prepare a supporting statement to accompany the plat. The statement must contain:

(a) The adjusted net tax capacity of property in the proposed district,

(b) If a part of any district is included in the proposed new district, the adjusted net tax capacity of the property and the approximate number of pupils residing in the part of the district included shall be shown separately and the adjusted net tax capacity of the property and the approximate number of pupils residing in the part of the district not included shall also be shown,

(c) The reasons for the proposed consolidation, including a statement that at the time the plat is submitted to the commissioner of education, no proceedings are pending to dissolve any district involved in the plat unless all of the district to be dissolved and all of each district to which attachment is proposed is included in the plat,

(d) A statement showing that the jurisdictional fact requirements of subdivision 1 are met by the proposal,

(e) Any proposal contained in the resolution or petition regarding the disposition of the bonded debt, outstanding energy loans made according to section 216C.37 or sections 298.292 to ~~298.298~~ 298.297, capital loan obligations, or referendum levies of component districts,

(f) Any other information the county auditor desires to include, and

(g) The signature of the county auditor.

Sec. 28. Minnesota Statutes 2016, section 124D.095, subdivision 8, is amended to read:

Subd. 8. **Financial arrangements.** (a) For a student enrolled in an online learning course, the department must calculate average daily membership and make payments according to this subdivision.

(b) The initial online learning average daily membership equals 1/12 for each semester course or a proportionate amount for courses of different lengths. The adjusted online learning average daily membership equals the initial online learning average daily membership times .88.

(c) No online learning average daily membership shall be generated if: (1) the student does not complete the online learning course, or (2) the student is enrolled in online learning provided by the enrolling district.

(d) Online learning average daily membership under this subdivision for a student currently enrolled in a Minnesota public school shall be used only for computing average daily membership according to section 126C.05, subdivision 19, paragraph (a), clause ~~(ii)~~ (2), and for computing online learning aid according to section 124D.096.

Sec. 29. Minnesota Statutes 2016, section 124D.52, subdivision 4, is amended to read:

Subd. 4. **English as a second language programs.** Persons may teach English as a second language classes at a worksite, if they meet the requirements of section 122A.19, subdivision 1, clause ~~(a)~~ (1), regardless of whether they are licensed teachers. Persons teaching English as a second language for an approved adult basic education program must possess a bachelor's or master's degree in English as a second language, applied linguistics, or bilingual education, or a related degree approved by the commissioner.

Sec. 30. Minnesota Statutes 2017 Supplement, section 124D.68, subdivision 2, is amended to read:

Subd. 2. **Eligible pupils.** (a) A pupil under the age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c), is eligible to participate in the graduation incentives program, if the pupil:

(1) performs substantially below the performance level for pupils of the same age in a locally determined achievement test;

(2) is behind in satisfactorily completing coursework or obtaining credits for graduation;

(3) is pregnant or is a parent;

(4) has been assessed as chemically dependent;

(5) has been excluded or expelled according to sections 121A.40 to 121A.56;

(6) has been referred by a school district for enrollment in an eligible program or a program pursuant to section 124D.69;

(7) is a victim of physical or sexual abuse;

(8) has experienced mental health problems;

(9) has experienced homelessness sometime within six months before requesting a transfer to an eligible program;

(10) speaks English as a second language or is an English learner; ~~or~~

(11) has withdrawn from school or has been chronically truant; or

(12) is being treated in a hospital in the seven-county metropolitan area for cancer or other life threatening illness or is the sibling of an eligible pupil who is being currently treated, and resides with the pupil's family at least 60 miles beyond the outside boundary of the seven-county metropolitan area.

(b) For fiscal years 2017 and 2018 only, a pupil otherwise qualifying under paragraph (a) who is at least 21 years of age and not yet 22 years of age, is an English learner with an interrupted formal education according to section 124D.59, subdivision 2a, and was in an early middle college program during the previous school year is eligible to participate in the graduation incentives program under section 124D.68 and in concurrent enrollment courses offered under section 124D.09, subdivision 10, and is funded in the same manner as other pupils under this section.

Sec. 31. Minnesota Statutes 2017 Supplement, section 124D.99, subdivision 4, is amended to read:

Subd. 4. **Requirements.** A grant recipient's program in the planning, development, or implementation phase must include:

(1) integrated supportive services programming, as specified in subdivision 3, paragraph (b) (c), within a specific community or geographic area for all ages of children and youth and their families within that area, provided that services may be phased in to all ages over time; and

(2) a system for evaluating goals and outcomes as provided under subdivision 3, paragraph ~~(c)~~ (d).

Sec. 32. Minnesota Statutes 2017 Supplement, section 124E.11, is amended to read:

**124E.11 ADMISSION REQUIREMENTS AND ENROLLMENT.**

(a) A charter school, including its preschool or prekindergarten program established under section 124E.06, subdivision 3, paragraph (b), may limit admission to:

(1) pupils within an age group or grade level;

(2) pupils who are eligible to participate in the graduation incentives program under section 124D.68; or

(3) residents of a specific geographic area in which the school is located when the majority of students served by the school are members of underserved populations.

(b) A charter school, including its preschool or prekindergarten program established under section 124E.06, subdivision 3, paragraph (b), shall enroll an eligible pupil who submits a timely application, unless the number of applications exceeds the capacity of a program, class, grade level, or building. In this case, pupils must be accepted by lot. The charter school must develop and publish, including on its Web site, a lottery policy and process that it must use when accepting pupils by lot.

(c) A charter school shall give enrollment preference to a sibling of an enrolled pupil and to a foster child of that pupil's parents and may give preference for enrolling children of the school's staff before accepting other pupils by lot. A charter school that is located in Duluth township in St. Louis County and admits students in kindergarten through grade 6 must give enrollment preference to students residing within a five-mile radius of the school and to the siblings of enrolled children. A charter school may give enrollment preference to children currently enrolled in the school's free preschool or prekindergarten program under

section 124E.06, subdivision 3, paragraph ~~(a)~~ (b), who are eligible to enroll in kindergarten in the next school year.

(d) A person shall not be admitted to a charter school (1) as a kindergarten pupil, unless the pupil is at least five years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences; or (2) as a first grade student, unless the pupil is at least six years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences or has completed kindergarten; except that a charter school may establish and publish on its Web site a policy for admission of selected pupils at an earlier age, consistent with the enrollment process in paragraphs (b) and (c).

(e) Except as permitted in paragraph (d), a charter school, including its preschool or prekindergarten program established under section 124E.06, subdivision 3, paragraph (b), may not limit admission to pupils on the basis of intellectual ability, measures of achievement or aptitude, or athletic ability and may not establish any criteria or requirements for admission that are inconsistent with this section.

(f) The charter school shall not distribute any services or goods of value to students, parents, or guardians as an inducement, term, or condition of enrolling a student in a charter school.

(g) Once a student is enrolled in the school, the student is considered enrolled in the school until the student formally withdraws or is expelled under the Pupil Fair Dismissal Act in sections 121A.40 to 121A.56.

(h) A charter school with at least 90 percent of enrolled students who are eligible for special education services and have a primary disability of deaf or hard-of-hearing may enroll prekindergarten pupils with a disability under section 126C.05, subdivision 1, paragraph (a), and must comply with the federal Individuals with Disabilities Education Act under Code of Federal Regulations, title 34, section 300.324, subsection (2), clause (iv).

Sec. 33. Minnesota Statutes 2016, section 125A.0942, subdivision 1, is amended to read:

Subdivision 1. **Restrictive procedures plan.** (a) Schools that intend to use restrictive procedures shall maintain and make publicly accessible in an electronic format on a school or district Web site or make a paper copy available upon request describing a restrictive procedures plan for children with disabilities that at least:

- (1) lists the restrictive procedures the school intends to use;
- (2) describes how the school will implement a range of positive behavior strategies and provide links to mental health services;
- (3) describes how the school will provide training on de-escalation techniques, consistent with section ~~122A.09, subdivision 4, paragraph (k)~~ 122A.187, subdivision 4;
- (4) describes how the school will monitor and review the use of restrictive procedures, including:
  - (i) conducting post-use debriefings, consistent with subdivision 3, paragraph (a), clause (5); and
  - (ii) convening an oversight committee to undertake a quarterly review of the use of restrictive procedures based on patterns or problems indicated by similarities in the time of day, day of the week, duration of the use of a procedure, the individuals involved, or other factors associated with the use of restrictive procedures; the number of times a restrictive procedure is used schoolwide and for individual children; the number and types of injuries, if any, resulting from the use of restrictive procedures; whether restrictive procedures are used in nonemergency situations; the need for additional staff training; and proposed actions to minimize the use of restrictive procedures; and
- (5) includes a written description and documentation of the training staff completed under subdivision 5.



(b) Schools annually must publicly identify oversight committee members who must at least include:

- (1) a mental health professional, school psychologist, or school social worker;
- (2) an expert in positive behavior strategies;
- (3) a special education administrator; and
- (4) a general education administrator.

Sec. 34. Minnesota Statutes 2016, section 125A.76, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section and section 125A.79, the definitions in this subdivision apply.

(b) "Basic revenue" has the meaning given it in section 126C.10, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 126C.05, subdivision 1.

(c) "Essential personnel" means teachers, cultural liaisons, related services, and support services staff providing services to students. Essential personnel may also include special education paraprofessionals or clericals providing support to teachers and students by preparing paperwork and making arrangements related to special education compliance requirements, including parent meetings and individualized education programs. Essential personnel does not include administrators and supervisors.

(d) "Average daily membership" has the meaning given it in section 126C.05.

(e) "Program growth factor" means 1.046 for fiscal years 2012 through 2015, 1.0 for fiscal year 2016, 1.046 for fiscal year 2017, and the product of 1.046 and the program growth factor for the previous year for fiscal year 2018 and later.

(f) "Nonfederal special education expenditure" means all direct expenditures that are necessary and essential to meet the district's obligation to provide special instruction and services to children with a disability according to sections 124D.454, 125A.03 to 125A.24, 125A.259 to 125A.48, and 125A.65 as submitted by the district and approved by the department under section 125A.75, subdivision 4, excluding expenditures:

- (1) reimbursed with federal funds;
- (2) reimbursed with other state aids under this chapter;
- (3) for general education costs of serving students with a disability;
- (4) for facilities;
- (5) for pupil transportation; and
- (6) for postemployment benefits.

(g) "Old formula special education expenditures" means expenditures eligible for revenue under Minnesota Statutes 2012, section 125A.76, subdivision 2.

(h) For the Minnesota State Academy for the Deaf and the Minnesota State Academy for the Blind, expenditures under paragraphs (f) and (g) are limited to the salary and fringe benefits of one-to-one instructional and behavior management aides and one-to-one licensed, certified professionals assigned to a child attending the academy, if the aides or professionals are required by the child's individualized education program.

~~(i) "Cross-subsidy reduction aid percentage" means 1.0 percent for fiscal year 2014 and 2.27 percent for fiscal year 2015.~~

~~(j) "Cross subsidy reduction aid limit" means \$20 for fiscal year 2014 and \$48 for fiscal year 2015.~~

~~(k)~~ (i) "Special education aid increase limit" means \$80 for fiscal year 2016, \$100 for fiscal year 2017, and, for fiscal year 2018 and later, the sum of the special education aid increase limit for the previous fiscal year and \$40.

~~(h)~~ (j) "District" means a school district, a charter school, or a cooperative unit as defined in section 123A.24, subdivision 2. Notwithstanding section 123A.26, cooperative units as defined in section 123A.24, subdivision 2, are eligible to receive special education aid under this section and section 125A.79.

Sec. 35. Minnesota Statutes 2016, section 126C.10, subdivision 17, is amended to read:

Subd. 17. **Transportation sparsity definitions.** The definitions in this subdivision apply to ~~subdivisions~~ subdivision 18 and 19.

(a) "Sparsity index" for a district means the greater of .2 or the ratio of the square mile area of the district to the resident pupil units of the district.

(b) "Density index" for a district means the ratio of the square mile area of the district to the resident pupil units of the district. However, the density index for a district cannot be greater than .2 or less than .005.

Sec. 36. Minnesota Statutes 2016, section 128B.03, subdivision 3a, is amended to read:

Subd. 3a. **State revenues.** The state shall pay to the council for the support of the school all aids, revenues, and grants available to a school district as though the school were a school district. The aids, revenues, and grants include, but are not limited to, the following:

(1) general education revenue, as defined in section 126C.10, subdivision 1, including at least compensatory revenue;

(2) transportation revenue;

(3) capital expenditure facilities revenue;

(4) capital expenditure equipment revenue;

(5) special education revenue;

(6) English learner aid;

(7) family connections aid;

(8) assurance of mastery revenue;

(9) school lunch revenue;

(10) school milk revenue;

(11) ~~health and safety~~ long-term facilities maintenance revenue;

(12) Indian language and culture grants;

(13) arts planning grants; and

(14) all other aids, revenues, or grants available to a school district.

If there are eligibility requirements for an aid, revenue, or grant, the requirements shall be met in order to obtain the aid, revenue, or grant, except that a requirement to levy shall be waived. To compute the amount of aid, revenue, or grant requiring a levy, the amount of the levy shall be zero.

If a school district obtains revenue from the proceeds of a levy, the council shall be deemed to have levied and the state shall pay aid equal to the amount that would have been levied. The amount shall be approved by the commissioner of education.

The proceeds of any aid, grant, or revenue shall be used only as provided in the applicable statute.

Sec. 37. Minnesota Statutes 2017 Supplement, section 136A.653, subdivision 1, is amended to read:

Subdivision 1. **Application.** A school that seeks an exemption under this section from the provisions of sections 136A.61 to 136A.71 must apply to the office to establish that the school meets the requirements of an exemption. An exemption expires two years from the date of approval or ~~until~~ when a school adds a new program or makes a modification equal to or greater than 25 percent to an existing educational program. If a school is reapplying for an exemption, the application must be submitted to the office 90 days before the current exemption expires.

Sec. 38. Minnesota Statutes 2016, section 148.911, is amended to read:

#### **148.911 CONTINUING EDUCATION.**

Upon application for license renewal, a licensee shall provide the board with satisfactory evidence that the licensee has completed continuing education requirements established by the board. Continuing education programs shall be approved under section 148.905, subdivision 1, clause ~~(9)~~ (10). The board shall establish by rule the number of continuing education training hours required each year and may specify subject or skills areas that the licensee shall address.

Sec. 39. Minnesota Statutes 2016, section 152.021, subdivision 2a, is amended to read:

Subd. 2a. **Methamphetamine manufacture crime.** ~~(a)~~ Notwithstanding subdivision 1, sections 152.022, subdivision 1, 152.023, subdivision 1, and 152.024, subdivision 1, a person is guilty of controlled substance crime in the first degree if the person manufactures any amount of methamphetamine.

~~(b) [Renumbered 152.0262, subdivision 1]~~

Sec. 40. Minnesota Statutes 2017 Supplement, section 181A.04, subdivision 6, is amended to read:

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

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

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

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

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

Sec. 41. Minnesota Statutes 2016, section 239.791, subdivision 12, is amended to read:

Subd. 12. **Exemption for collector vehicle and off-road use.** (a) A person responsible for the product may offer for sale, sell, or dispense at a retail gasoline station for use in collector vehicles or vehicles eligible to be licensed as collector vehicles, off-road vehicles, motorcycles, boats, snowmobiles, or small engines, gasoline that is not oxygenated in accordance with subdivision 1 if the person meets the conditions in paragraphs (b) to ~~(e)~~ (d). If the nonoxygenated gasoline is for use in a small engine, it must be dispensed into a can with a capacity of six or fewer gallons.

(b) The nonoxygenated gasoline must be unleaded premium grade as defined in section 239.751, subdivision 4.

(c) No more than one storage tank on the premises of the retail gasoline station may be used for storage of the nonoxygenated gasoline offered for sale, sold, or dispensed by the station.

(d) The pump stands must be posted with a permanent notice stating: "NONOXYGENATED GASOLINE. FOR USE IN COLLECTOR VEHICLES OR VEHICLES ELIGIBLE TO BE LICENSED AS COLLECTOR VEHICLES, OFF-ROAD VEHICLES, MOTORCYCLES, BOATS, SNOWMOBILES, OR SMALL ENGINES ONLY."

This notice must be posted at least two feet above the ground. A retail gasoline station that sells nonoxygenated premium gasoline as defined in section 239.791, subdivision 15, must register every two years with the director, or an entity appointed by the director, on forms approved by the director, the total amount of nonoxygenated premium gasoline sold annually.

Sec. 42. Minnesota Statutes 2016, section 244.05, subdivision 4, is amended to read:

Subd. 4. **Minimum imprisonment, life sentence.** (a) An inmate serving a mandatory life sentence under section 609.106 or 609.3455, subdivision 2, must not be given supervised release under this section.

(b) An inmate serving a mandatory life sentence under section 609.185, paragraph (a), clause (3), (5), or (6); or Minnesota Statutes 2004, section 609.109, subdivision 3, must not be given supervised release under this section without having served a minimum term of 30 years.

(c) An inmate serving a mandatory life sentence under section 609.385 must not be given supervised release under this section without having served a minimum term of imprisonment of 17 years.

(d) An inmate serving a mandatory life sentence under section 609.3455, subdivision 3 or 4, must not be given supervised release under this section without having served the minimum term of imprisonment specified by the court in its sentence.

Sec. 43. Minnesota Statutes 2016, section 245.462, subdivision 4, is amended to read:

Subd. 4. **Case management service provider.** (a) "Case management service provider" means a case manager or case manager associate employed by the county or other entity authorized by the county board to provide case management services specified in section 245.4711.

(b) A case manager must:

(1) be skilled in the process of identifying and assessing a wide range of client needs;

(2) be knowledgeable about local community resources and how to use those resources for the benefit of the client;

(3) have a bachelor's degree in one of the behavioral sciences or related fields including, but not limited to, social work, psychology, or nursing from an accredited college or university or meet the requirements of paragraph (c); and

(4) meet the supervision and continuing education requirements described in paragraphs (d), (e), and (f), as applicable.

(c) Case managers without a bachelor's degree must meet one of the requirements in clauses (1) to (3):

(1) have three or four years of experience as a case manager associate as defined in this section;

(2) be a registered nurse without a bachelor's degree and have a combination of specialized training in psychiatry and work experience consisting of community interaction and involvement or community discharge planning in a mental health setting totaling three years; or

(3) be a person who qualified as a case manager under the 1998 Department of Human Service waiver provision and meet the continuing education and mentoring requirements in this section.

(d) A case manager with at least 2,000 hours of supervised experience in the delivery of services to adults with mental illness must receive regular ongoing supervision and clinical supervision totaling 38 hours per year of which at least one hour per month must be clinical supervision regarding individual service delivery with a case management supervisor. The remaining 26 hours of supervision may be provided by a case manager with two years of experience. Group supervision may not constitute more than one-half of the required supervision hours. Clinical supervision must be documented in the client record.

(e) A case manager without 2,000 hours of supervised experience in the delivery of services to adults with mental illness must:

(1) receive clinical supervision regarding individual service delivery from a mental health professional at least one hour per week until the requirement of 2,000 hours of experience is met; and

(2) complete 40 hours of training approved by the commissioner in case management skills and the characteristics and needs of adults with serious and persistent mental illness.

(f) A case manager who is not licensed, registered, or certified by a health-related licensing board must receive 30 hours of continuing education and training in mental illness and mental health services every two years.

(g) A case manager associate (CMA) must:

(1) work under the direction of a case manager or case management supervisor;

(2) be at least 21 years of age;

(3) have at least a high school diploma or its equivalent; and

(4) meet one of the following criteria:

(i) have an associate of arts degree in one of the behavioral sciences or human services;

(ii) be a certified peer specialist under section 256B.0615;

(iii) be a registered nurse without a bachelor's degree;

(iv) within the previous ten years, have three years of life experience with serious and persistent mental illness as defined in ~~section 245.462~~, subdivision 20; or as a child had severe emotional disturbance as defined in section 245.4871, subdivision 6; or have three years life experience as a primary caregiver to an adult with serious and persistent mental illness within the previous ten years;

(v) have 6,000 hours work experience as a nondegreed state hospital technician; or

(vi) be a mental health practitioner as defined in ~~section 245.462~~, subdivision 17, clause (2).

Individuals meeting one of the criteria in items (i) to (v) may qualify as a case manager after four years of supervised work experience as a case manager associate. Individuals meeting the criteria in item (vi) may qualify as a case manager after three years of supervised experience as a case manager associate.

(h) A case management associate must meet the following supervision, mentoring, and continuing education requirements:

(1) have 40 hours of preservice training described under paragraph (e), clause (2);

(2) receive at least 40 hours of continuing education in mental illness and mental health services annually; and

(3) receive at least five hours of mentoring per week from a case management mentor.

A "case management mentor" means a qualified, practicing case manager or case management supervisor who teaches or advises and provides intensive training and clinical supervision to one or more case manager associates. Mentoring may occur while providing direct services to consumers in the office or in the field and may be provided to individuals or groups of case manager associates. At least two mentoring hours per week must be individual and face-to-face.

(i) A case management supervisor must meet the criteria for mental health professionals, as specified in ~~section 245.462~~, subdivision 18.

(j) An immigrant who does not have the qualifications specified in this subdivision may provide case management services to adult immigrants with serious and persistent mental illness who are members of the same ethnic group as the case manager if the person:

(1) is currently enrolled in and is actively pursuing credits toward the completion of a bachelor's degree in one of the behavioral sciences or a related field including, but not limited to, social work, psychology, or nursing from an accredited college or university;

(2) completes 40 hours of training as specified in this subdivision; and

(3) receives clinical supervision at least once a week until the requirements of this subdivision are met.

Sec. 44. Minnesota Statutes 2016, section 245A.095, subdivision 2, is amended to read:

Subd. 2. **Specific review of rules.** The commissioner shall:

(1) provide in rule for additional types of programs and services, including but not limited to supportive small group residential care, semi-independent and apartment living services, and crisis and respite services, to address the residential treatment and support needs of persons with mental illness;

(2) review category I and II programs established in Minnesota Rules, parts 9520.0500 to 9520.0670 to ensure that the categories of programs provide a continuum of residential service programs for persons with mental illness, including but not limited to programs meeting needs for intensive treatment, crisis and respite care, and rehabilitation and training;

(3) provide in rule for a definition of the term "treatment" as used in relation to persons with mental illness;

(4) adjust funding mechanisms by rule as needed to reflect the requirements established by rule for services being provided;

(5) review and recommend staff educational requirements and staff training as needed; and

(6) review and make changes in rules relating to residential care and service programs for persons with mental illness as the commissioner may determine necessary; ~~and~~.

~~(7) the commissioner shall report to the legislature by February 15, 1990, on the status of rulemaking with respect to clauses (1) to (6).~~

Sec. 45. Minnesota Statutes 2017 Supplement, section 245G.15, subdivision 1, is amended to read:

Subdivision 1. **Explanation.** A client has the rights identified in sections 144.651, 148F.165, and 253B.03, ~~and 254B.02, subdivision 2~~, as applicable. The license holder must give each client at service initiation a written statement of the client's rights and responsibilities. A staff member must review the statement with a client at that time.

Sec. 46. Minnesota Statutes 2016, section 252.021, is amended to read:

**252.021 DEFINITION.**

For the purposes of this chapter, the ~~words term~~ "related condition" ~~have~~ has the meaning given ~~them~~ in section 252.27, subdivision 1a.

Sec. 47. Minnesota Statutes 2017 Supplement, section 254A.03, subdivision 1, is amended to read:

Subdivision 1. **Alcohol and Other Drug Abuse Section.** There is hereby created an Alcohol and Other Drug Abuse Section in the Department of Human Services. This section shall be headed by a director. The commissioner may place the director's position in the unclassified service if the position meets the criteria established in section 43A.08, subdivision 1a. The section shall:

(1) conduct and foster basic research relating to the cause, prevention and methods of diagnosis, treatment and ~~rehabilitation~~ recovery of persons with substance misuse and substance use disorder;

(2) coordinate and review all activities and programs of all the various state departments as they relate to problems associated with substance misuse and substance use disorder;

(3) develop, demonstrate, and disseminate new methods and techniques for prevention, early intervention, treatment and recovery support for substance misuse and substance use disorder;

(4) gather facts and information about substance misuse and substance use disorder, and about the efficiency and effectiveness of prevention, treatment, and recovery support services from all comprehensive programs, including programs approved or licensed by the commissioner of human services or the commissioner of health or accredited by the Joint Commission on Accreditation of Hospitals. The state authority is authorized to require information from comprehensive programs which is reasonable and necessary to fulfill these duties. When required information has been previously furnished to a state or local governmental agency, the state authority shall collect the information from the governmental agency. The state authority shall disseminate facts and summary information about problems associated with substance misuse and substance use disorder to public and private agencies, local governments, local and regional planning agencies, and the courts for guidance to and assistance in prevention, treatment and recovery support;

(5) inform and educate the general public on substance misuse and substance use disorder;

(6) serve as the state authority concerning substance misuse and substance use disorder by monitoring the conduct of diagnosis and referral services, research and comprehensive programs. The state authority shall submit a biennial report to the governor and the legislature containing a description of public services delivery and recommendations concerning increase of coordination and quality of services, and decrease of service duplication and cost;

(7) establish a state plan which shall set forth goals and priorities for a comprehensive continuum of care for substance misuse and substance use disorder for Minnesota. All state agencies operating substance misuse or substance use disorder programs or administering state or federal funds for such programs shall annually set their program goals and priorities in accordance with the state plan. Each state agency shall annually submit its plans and budgets to the state authority for review. The state authority shall certify whether proposed services comply with the comprehensive state plan and advise each state agency of review findings;

(8) make contracts with and grants to public and private agencies and organizations, both profit and nonprofit, and individuals, using federal funds, and state funds as authorized to pay for costs of state administration, including evaluation, statewide programs and services, research and demonstration projects, and American Indian programs;

(9) receive and administer money available for substance misuse and substance use disorder programs under the alcohol, drug abuse, and mental health services block grant, United States Code, title 42, sections 300X to 300X-9;

(10) solicit and accept any gift of money or property for purposes of Laws 1973, chapter 572, and any grant of money, services, or property from the federal government, the state, any political subdivision thereof, or any private source;

(11) with respect to substance misuse and substance use disorder programs serving the American Indian community, establish guidelines for the employment of personnel with considerable practical experience in substance misuse and substance use disorder, and understanding of social and cultural problems related to substance misuse and substance use disorder, in the American Indian community.

Sec. 48. Minnesota Statutes 2017 Supplement, section 256B.051, subdivision 2, is amended to read:

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

(b) "At-risk of homelessness" means (1) an individual that is faced with a set of circumstances likely to cause the individual to become homeless, or (2) an individual previously homeless, who will be discharged from a correctional, medical, mental health, or treatment center, who lacks sufficient resources to pay for housing and does not have a permanent place to live.

(c) "Commissioner" means the commissioner of human services.

(d) "Homeless" means an individual or family lacking a fixed, adequate nighttime residence.

(e) "Individual with a disability" means:

(1) an individual who is aged, blind, or disabled as determined by the criteria used by the title 11 program of the Social Security Act, United States Code, title 42, section 416, paragraph (i), item (1); or

(2) an individual who meets a category of eligibility under section 256D.05, subdivision 1, paragraph (a), clause (1), ~~(3)~~ (4), (5) to ~~(9)~~ (8), or ~~(14)~~ (13).

(f) "Institution" means a setting as defined in section 256B.0621, subdivision 2, clause (3), and the Minnesota Security Hospital as defined in section 253.20.

Sec. 49. Minnesota Statutes 2016, section 256B.0625, subdivision 16, is amended to read:

Subd. 16. **Abortion services.** Medical assistance covers abortion services, but only if one of the following conditions is met:



(a) The abortion is a medical necessity. "Medical necessity" means (1) the signed written statement of two physicians indicating the abortion is medically necessary to prevent the death of the mother, and (2) the patient has given her consent to the abortion in writing unless the patient is physically or legally incapable of providing informed consent to the procedure, in which case consent will be given as otherwise provided by law;

(b) The pregnancy is the result of criminal sexual conduct as defined in section 609.342, subdivision 1, clauses (c), (d), (e)(i), and (f), and the incident is reported within 48 hours after the incident occurs to a valid law enforcement agency for investigation, unless the victim is physically unable to report the criminal sexual conduct, in which case the report shall be made within 48 hours after the victim becomes physically able to report the criminal sexual conduct; or

(c) The pregnancy is the result of incest, but only if the incident and relative are reported to a valid law enforcement agency for investigation prior to the abortion.

Sec. 50. Minnesota Statutes 2017 Supplement, section 256B.0915, subdivision 1, is amended to read:

Subdivision 1. **Authority.** (a) The commissioner is authorized to apply for a home and community-based services waiver for the elderly, authorized under section 1915(c) of the Social Security Act, in order to obtain federal financial participation to expand the availability of services for persons who are eligible for medical assistance. The commissioner may apply for additional waivers or pursue other federal financial participation which is advantageous to the state for funding home care services for the frail elderly who are eligible for medical assistance. The provision of waived services to ~~elderly and disabled~~ who are elderly or have a disability must comply with the criteria for service definitions and provider standards approved in the waiver.

(b) The commissioner shall comply with the requirements in the federally approved transition plan for the home and community-based services waivers authorized under this section.

Sec. 51. Minnesota Statutes 2017 Supplement, section 256B.0949, subdivision 13, is amended to read:

Subd. 13. **Covered services.** (a) The services described in paragraphs (b) to (i) are eligible for reimbursement by medical assistance under this section. Services must be provided by a qualified EIDBI provider and supervised by a QSP. An EIDBI service must address the person's medically necessary treatment goals and must be targeted to develop, enhance, or maintain the individual developmental skills of a person with ASD or a related condition to improve functional communication, social or interpersonal interaction, behavioral challenges and self-regulation, cognition, learning and play, self-care, and safety.

(b) EIDBI modalities include, but are not limited to:

- (1) applied behavior analysis (ABA);
- (2) developmental individual-difference relationship-based model (DIR/Floortime);
- (3) early start Denver model (ESDM);
- (4) PLAY project; or
- (5) relationship development intervention (RDI).

(c) An EIDBI provider may use one or more of the EIDBI modalities in paragraph (b), clauses (1) to (5), as the primary modality for treatment as a covered service, or several EIDBI modalities in combination as the primary modality of treatment, as approved by the commissioner. An EIDBI provider that identifies and provides assurance of qualifications for a single specific treatment modality must document the required qualifications to meet fidelity to the specific model. Additional EIDBI modalities not listed in paragraph (b) may be covered upon approval by the commissioner.

(d) CMDE is a comprehensive evaluation of the person's developmental status to determine medical necessity for EIDBI services and meets the requirements of subdivision 5. The services must be provided by a qualified CMDE provider.

(e) EIDBI intervention observation and direction is the clinical direction and oversight of EIDBI services by the QSP, level I treatment provider, or level II treatment provider, including developmental and behavioral techniques, progress measurement, data collection, function of behaviors, and generalization of acquired skills for the direct benefit of a person. EIDBI intervention observation and direction informs any modification of the methods to support the outcomes in the ITP. EIDBI intervention observation and direction provides a real-time response to EIDBI interventions to maximize the benefit to the person.

(f) ITP development and ITP progress monitoring is development of the initial, annual, and progress monitoring of an ITP. ITP development and ITP progress monitoring documents, provides oversight and ongoing evaluation of a person's treatment and progress on targeted goals and objectives, and integrates and coordinates the person's and the person's legal representative's information from the CMDE and ITP progress monitoring. This service must be reviewed and completed by the QSP, and may include input from a level I treatment provider or a level II treatment provider.

(g) Family caregiver training and counseling is specialized training and education for a family or primary caregiver to understand the person's developmental status and help with the person's needs and development. This service must be provided by the QSP, level I treatment provider, or level II treatment provider.

(h) A coordinated care conference is a voluntary face-to-face meeting with the person and the person's family to review the CMDE or ITP progress monitoring and to integrate and coordinate services across providers and service-delivery systems to develop the ITP. This service must be provided by the QSP and may include the CMDE provider or a level I treatment provider or a level II treatment provider.

(i) Travel time is allowable billing for traveling to and from the person's home, school, a community setting, or place of service outside of an EIDBI center, clinic, or office from a specified location to provide face-to-face EIDBI intervention, observation and direction, or family caregiver training and counseling. The person's ITP must specify the reasons the provider must travel to the person.

(j) Medical assistance covers medically necessary EIDBI services and consultations delivered by a licensed health care provider via telemedicine, as defined under section 256B.0625, subdivision 3b, in the same manner as if the service or consultation was delivered in person. Medical assistance coverage is limited to three telemedicine services per person per calendar week.

Sec. 52. Minnesota Statutes 2016, section 256B.69, subdivision 5a, is amended to read:

Subd. 5a. **Managed care contracts.** (a) Managed care contracts under this section and section 256L.12 shall be entered into or renewed on a calendar year basis. The commissioner may issue separate contracts with requirements specific to services to medical assistance recipients age 65 and older.

(b) A prepaid health plan providing covered health services for eligible persons pursuant to chapters 256B and 256L is responsible for complying with the terms of its contract with the commissioner. Requirements applicable to managed care programs under chapters 256B and 256L established after the effective date of a contract with the commissioner take effect when the contract is next issued or renewed.

(c) The commissioner shall withhold five percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program pending completion of performance targets. Each performance target must be quantifiable, objective, measurable, and reasonably attainable, except in the case of a performance target based on a federal or state law or rule. Criteria for assessment of each performance target must be outlined in writing prior to the contract effective date. Clinical or utilization performance targets and their related criteria must consider evidence-based research and reasonable interventions when available or applicable to the populations served,

and must be developed with input from external clinical experts and stakeholders, including managed care plans, county-based purchasing plans, and providers. The managed care or county-based purchasing plan must demonstrate, to the commissioner's satisfaction, that the data submitted regarding attainment of the performance target is accurate. The commissioner shall periodically change the administrative measures used as performance targets in order to improve plan performance across a broader range of administrative services. The performance targets must include measurement of plan efforts to contain spending on health care services and administrative activities. The commissioner may adopt plan-specific performance targets that take into account factors affecting only one plan, including characteristics of the plan's enrollee population. The withheld funds must be returned no sooner than July of the following year if performance targets in the contract are achieved. The commissioner may exclude special demonstration projects under subdivision 23.

(d) The commissioner shall require that managed care plans use the assessment and authorization processes, forms, timelines, standards, documentation, and data reporting requirements, protocols, billing processes, and policies consistent with medical assistance fee-for-service or the Department of Human Services contract requirements ~~consistent with medical assistance fee-for-service or the Department of Human Services contract requirements~~ for all personal care assistance services under section 256B.0659.

(e) Effective for services rendered on or after January 1, 2012, the commissioner shall include as part of the performance targets described in paragraph (c) a reduction in the health plan's emergency department utilization rate for medical assistance and MinnesotaCare enrollees, as determined by the commissioner. For 2012, the reduction shall be based on the health plan's utilization in 2009. To earn the return of the withhold each subsequent year, the managed care plan or county-based purchasing plan must achieve a qualifying reduction of no less than ten percent of the plan's emergency department utilization rate for medical assistance and MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and 28, compared to the previous measurement year until the final performance target is reached. When measuring performance, the commissioner must consider the difference in health risk in a managed care or county-based purchasing plan's membership in the baseline year compared to the measurement year, and work with the managed care or county-based purchasing plan to account for differences that they agree are significant.

The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if the managed care plan or county-based purchasing plan demonstrates to the satisfaction of the commissioner that a reduction in the utilization rate was achieved. The commissioner shall structure the withhold so that the commissioner returns a portion of the withheld funds in amounts commensurate with achieved reductions in utilization less than the targeted amount.

The withhold described in this paragraph shall continue for each consecutive contract period until the plan's emergency room utilization rate for state health care program enrollees is reduced by 25 percent of the plan's emergency room utilization rate for medical assistance and MinnesotaCare enrollees for calendar year 2009. Hospitals shall cooperate with the health plans in meeting this performance target and shall accept payment withholds that may be returned to the hospitals if the performance target is achieved.

(f) Effective for services rendered on or after January 1, 2012, the commissioner shall include as part of the performance targets described in paragraph (c) a reduction in the plan's hospitalization admission rate for medical assistance and MinnesotaCare enrollees, as determined by the commissioner. To earn the return of the withhold each year, the managed care plan or county-based purchasing plan must achieve a qualifying reduction of no less than five percent of the plan's hospital admission rate for medical assistance and MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and 28, compared to the previous calendar year until the final performance target is reached. When measuring performance, the commissioner must consider the difference in health risk in a managed care or county-based purchasing plan's membership in the baseline year compared to the measurement year, and work with the managed care or county-based purchasing plan to account for differences that they agree are significant.

The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if the managed care plan or county-based purchasing plan demonstrates to the satisfaction of

the commissioner that this reduction in the hospitalization rate was achieved. The commissioner shall structure the withhold so that the commissioner returns a portion of the withheld funds in amounts commensurate with achieved reductions in utilization less than the targeted amount.

The withhold described in this paragraph shall continue until there is a 25 percent reduction in the hospital admission rate compared to the hospital admission rates in calendar year 2011, as determined by the commissioner. The hospital admissions in this performance target do not include the admissions applicable to the subsequent hospital admission performance target under paragraph (g). Hospitals shall cooperate with the plans in meeting this performance target and shall accept payment withholds that may be returned to the hospitals if the performance target is achieved.

(g) Effective for services rendered on or after January 1, 2012, the commissioner shall include as part of the performance targets described in paragraph (c) a reduction in the plan's hospitalization admission rates for subsequent hospitalizations within 30 days of a previous hospitalization of a patient regardless of the reason, for medical assistance and MinnesotaCare enrollees, as determined by the commissioner. To earn the return of the withhold each year, the managed care plan or county-based purchasing plan must achieve a qualifying reduction of the subsequent hospitalization rate for medical assistance and MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and 28, of no less than five percent compared to the previous calendar year until the final performance target is reached.

The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if the managed care plan or county-based purchasing plan demonstrates to the satisfaction of the commissioner that a qualifying reduction in the subsequent hospitalization rate was achieved. The commissioner shall structure the withhold so that the commissioner returns a portion of the withheld funds in amounts commensurate with achieved reductions in utilization less than the targeted amount.

The withhold described in this paragraph must continue for each consecutive contract period until the plan's subsequent hospitalization rate for medical assistance and MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and 28, is reduced by 25 percent of the plan's subsequent hospitalization rate for calendar year 2011. Hospitals shall cooperate with the plans in meeting this performance target and shall accept payment withholds that must be returned to the hospitals if the performance target is achieved.

(h) Effective for services rendered on or after January 1, 2013, through December 31, 2013, the commissioner shall withhold 4.5 percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

(i) Effective for services rendered on or after January 1, 2014, the commissioner shall withhold three percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

(j) A managed care plan or a county-based purchasing plan under section 256B.692 may include as admitted assets under section 62D.044 any amount withheld under this section that is reasonably expected to be returned.

(k) Contracts between the commissioner and a prepaid health plan are exempt from the set-aside and preference provisions of section 16C.16, subdivisions 6, paragraph (a), and 7.

(l) The return of the withhold under paragraphs (h) and (i) is not subject to the requirements of paragraph (c).

(m) Managed care plans and county-based purchasing plans shall maintain current and fully executed agreements for all subcontractors, including bargaining groups, for administrative services that are expensed to the state's public health care programs. Subcontractor agreements determined to be material, as defined by the commissioner after taking into account state contracting and relevant statutory requirements, must be in the form of a written instrument or electronic document containing the elements of offer, acceptance, consideration, payment terms, scope, duration of the contract, and how the subcontractor services relate to state public health care programs. Upon request, the commissioner shall have access to all subcontractor documentation under this paragraph. Nothing in this paragraph shall allow release of information that is nonpublic data pursuant to section 13.02.

Sec. 53. Minnesota Statutes 2017 Supplement, section 256B.76, subdivision 1, is amended to read:

Subdivision 1. **Physician reimbursement.** (a) Effective for services rendered on or after October 1, 1992, the commissioner shall make payments for physician services as follows:

(1) payment for level one Centers for Medicare and Medicaid Services' common procedural coding system codes titled "office and other outpatient services," "preventive medicine new and established patient," "delivery, antepartum, and postpartum care," "critical care," cesarean delivery and pharmacologic management provided to psychiatric patients, and level three codes for enhanced services for prenatal high risk, shall be paid at the lower of (i) submitted charges, or (ii) 25 percent above the rate in effect on June 30, 1992;

(2) payments for all other services shall be paid at the lower of (i) submitted charges, or (ii) 15.4 percent above the rate in effect on June 30, 1992; and

(3) all physician rates shall be converted from the 50th percentile of 1982 to the 50th percentile of 1989, less the percent in aggregate necessary to equal the above increases except that payment rates for home health agency services shall be the rates in effect on September 30, 1992.

(b) Effective for services rendered on or after January 1, 2000, payment rates for physician and professional services shall be increased by three percent over the rates in effect on December 31, 1999, except for home health agency and family planning agency services. The increases in this paragraph shall be implemented January 1, 2000, for managed care.

(c) Effective for services rendered on or after July 1, 2009, payment rates for physician and professional services shall be reduced by five percent, except that for the period July 1, 2009, through June 30, 2010, payment rates shall be reduced by 6.5 percent for the medical assistance and general assistance medical care programs, over the rates in effect on June 30, 2009. This reduction and the reductions in paragraph (d) do not apply to office or other outpatient visits, preventive medicine visits and family planning visits billed by physicians, advanced practice nurses, or physician assistants in a family planning agency or in one of the following primary care practices: general practice, general internal medicine, general pediatrics, general geriatrics, and family medicine. This reduction and the reductions in paragraph (d) do not apply to federally qualified health centers, rural health centers, and Indian health services. Effective October 1, 2009, payments made to managed care plans and county-based purchasing plans under sections 256B.69, 256B.692, and 256L.12 shall reflect the payment reduction described in this paragraph.

(d) Effective for services rendered on or after July 1, 2010, payment rates for physician and professional services shall be reduced an additional seven percent over the five percent reduction in rates described in paragraph (c). This additional reduction does not apply to physical therapy services, occupational therapy services, and speech pathology and related services provided on or after July 1, 2010. This additional reduction does not apply to physician services billed by a psychiatrist or an advanced practice nurse with a specialty in mental health. Effective October 1, 2010, payments made to managed care plans and county-based purchasing plans under sections 256B.69, 256B.692, and 256L.12 shall reflect the payment reduction described in this paragraph.

(e) Effective for services rendered on or after September 1, 2011, through June 30, 2013, payment rates for physician and professional services shall be reduced three percent from the rates in effect on August 31, 2011. This reduction does not apply to physical therapy services, occupational therapy services, and speech pathology and related services.

(f) Effective for services rendered on or after September 1, 2014, payment rates for physician and professional services, including physical therapy, occupational therapy, speech pathology, and mental health services shall be increased by five percent from the rates in effect on August 31, 2014. In calculating this rate increase, the commissioner shall not include in the base rate for August 31, 2014, the rate increase provided under section 256B.76, subdivision 7. This increase does not apply to federally qualified health centers, rural health centers, and Indian health services. Payments made to managed care plans and county-based purchasing plans shall not be adjusted to reflect payments under this paragraph.

(g) Effective for services rendered on or after July 1, 2015, payment rates for physical therapy, occupational therapy, and speech pathology and related services provided by a hospital meeting the criteria specified in section 62Q.19, subdivision 1, paragraph (a), clause (4), shall be increased by 90 percent from the rates in effect on June 30, 2015. Payments made to managed care plans and county-based purchasing plans shall not be adjusted to reflect payments under this paragraph.

(h) Any ratables effective before July 1, 2015, do not apply to ~~autism-early intensive intervention~~ early intensive developmental and behavioral intervention (EIDBI) benefits described in section 256B.0949.

Sec. 54. Minnesota Statutes 2017 Supplement, section 256B.761, is amended to read:

**256B.761 REIMBURSEMENT FOR MENTAL HEALTH SERVICES.**

(a) Effective for services rendered on or after July 1, 2001, payment for medication management provided to psychiatric patients, outpatient mental health services, day treatment services, home-based mental health services, and family community support services shall be paid at the lower of (1) submitted charges, or (2) 75.6 percent of the 50th percentile of 1999 charges.

(b) Effective July 1, 2001, the medical assistance rates for outpatient mental health services provided by an entity that operates: (1) a Medicare-certified comprehensive outpatient rehabilitation facility; and (2) a facility that was certified prior to January 1, 1993, with at least 33 percent of the clients receiving rehabilitation services in the most recent calendar year who are medical assistance recipients, will be increased by 38 percent, when those services are provided within the comprehensive outpatient rehabilitation facility and provided to residents of nursing facilities owned by the entity.

(c) The commissioner shall establish three levels of payment for mental health diagnostic assessment, based on three levels of complexity. The aggregate payment under the tiered rates must not exceed the projected aggregate payments for mental health diagnostic assessment under the previous single rate. The new rate structure is effective January 1, 2011, or upon federal approval, whichever is later.

(d) In addition to rate increases otherwise provided, the commissioner may restructure coverage policy and rates to improve access to adult rehabilitative mental health services under section 256B.0623 and related mental health support services under section 256B.021, subdivision 4, paragraph (f), clause (2). For state fiscal years 2015 and 2016, the projected state share of increased costs due to this paragraph is transferred from adult mental health grants under sections 245.4661 and 256E.12. The transfer for fiscal year 2016 is a permanent base adjustment for subsequent fiscal years. Payments made to managed care plans and county-based purchasing plans under sections 256B.69, 256B.692, and 256L.12 shall reflect the rate changes described in this paragraph.

(e) Any ratables effective before July 1, 2015, do not apply to ~~autism-early intensive intervention~~ early intensive developmental and behavioral intervention (EIDBI) benefits described in section 256B.0949.

Sec. 55. Minnesota Statutes 2016, section 256C.23, subdivision 1, is amended to read:

Subdivision 1. **Scope.** For the purposes of sections 256C.21 to ~~256C.26~~ 256C.30, the terms defined in this section shall have the meanings given them, unless the context clearly indicates otherwise.

Sec. 56. Minnesota Statutes 2017 Supplement, section 256C.261, is amended to read:

**256C.261 SERVICES FOR PERSONS WHO ARE DEAFBLIND.**

(a) The commissioner of human services shall use at least 35 percent of the deafblind services biennial base level grant funding for services and other supports for a child who is deafblind and the child's family. The commissioner shall use at least 25 percent of the deafblind services biennial base level grant funding for services and other supports for an adult who is deafblind.

The commissioner shall award grants for the purposes of:

(1) providing services and supports to persons who are deafblind; and

(2) developing and providing training to counties and the network of senior citizen service providers. The purpose of the training grants is to teach counties how to use existing programs that capture federal financial participation to meet the needs of eligible persons who are deafblind and to build capacity of senior service programs to meet the needs of seniors with a dual sensory hearing and vision loss.

(b) The commissioner may make grants:

(1) for services and training provided by organizations; and

(2) to develop and administer consumer-directed services.

(c) Consumer-directed services shall be provided in whole by grant-funded providers. The deaf and hard-of-hearing services division's regional service centers shall not provide any aspect of a grant-funded consumer-directed services program.

(d) Any entity that is able to satisfy the grant criteria is eligible to receive a grant under paragraph (a).

(e) Deafblind service providers may, but are not required to, provide intervenor services as part of the service package provided with grant funds under this section.

Sec. 57. Minnesota Statutes 2017 Supplement, section 256D.44, subdivision 2, is amended to read:

Subd. 2. **Standard of assistance for certain persons.** The state standard of assistance for a person who: (1) is eligible for a medical assistance home and community-based services waiver; (2) has been determined by the local agency to meet the plan requirements for placement in a setting authorized to provide housing support under section 256I.04, subdivision 1a; or (3) is eligible for a shelter needy payment under subdivision 5, paragraph ~~(f)~~ (g), is the standard established in subdivision 3, paragraph (a) or (b).

Sec. 58. Minnesota Statutes 2017 Supplement, section 256E.30, subdivision 2, is amended to read:

Subd. 2. **Allocation of money.** (a) State money appropriated and community service block grant money allotted to the state and all money transferred to the community service block grant from other block grants shall be allocated annually to community action agencies and Indian reservation governments under ~~clauses paragraphs~~ (b) and (c), and to migrant and seasonal farmworker organizations under ~~clause paragraph~~ (d).

(b) The available annual money will provide base funding to all community action agencies and the Indian reservations. Base funding amounts per agency are as follows: for agencies with low income populations up to 1,999, \$25,000; 2,000 to 23,999, \$50,000; and 24,000 or more, \$100,000.

(c) All remaining money of the annual money available after the base funding has been determined must be allocated to each agency and reservation in proportion to the size of the poverty level population in the agency's service area compared to the size of the poverty level population in the state.

(d) Allocation of money to migrant and seasonal farmworker organizations must not exceed three percent of the total annual money available. Base funding allocations must be made for all community action agencies and Indian reservations that received money under this subdivision, in fiscal year 1984, and for community action agencies designated under this section with a service area population of 35,000 or greater.

Sec. 59. Minnesota Statutes 2017 Supplement, section 256I.04, subdivision 3, is amended to read:

Subd. 3. **Moratorium on development of housing support beds.** (a) Agencies shall not enter into agreements for new housing support beds with total rates in excess of the MSA equivalent rate except:

(1) for establishments licensed under chapter 245D provided the facility is needed to meet the census reduction targets for persons with developmental disabilities at regional treatment centers;

(2) up to 80 beds in a single, specialized facility located in Hennepin County that will provide housing for chronic inebriates who are repetitive users of detoxification centers and are refused placement in emergency shelters because of their state of intoxication, and planning for the specialized facility must have been initiated before July 1, 1991, in anticipation of receiving a grant from the Housing Finance Agency under section 462A.05, subdivision 20a, paragraph (b);

(3) notwithstanding the provisions of subdivision 2a, for up to 226 supportive housing units in Anoka, Dakota, Hennepin, or Ramsey County for homeless adults with a mental illness, a history of substance abuse, or human immunodeficiency virus or acquired immunodeficiency syndrome. For purposes of this section, "homeless adult" means a person who is living on the street or in a shelter or discharged from a regional treatment center, community hospital, or residential treatment program and has no appropriate housing available and lacks the resources and support necessary to access appropriate housing. At least 70 percent of the supportive housing units must serve homeless adults with mental illness, substance abuse problems, or human immunodeficiency virus or acquired immunodeficiency syndrome who are about to be or, within the previous six months, ~~has~~ have been discharged from a regional treatment center, or a state-contracted psychiatric bed in a community hospital, or a residential mental health or chemical dependency treatment program. If a person meets the requirements of subdivision 1, paragraph (a), and receives a federal or state housing subsidy, the housing support rate for that person is limited to the supplementary rate under section 256I.05, subdivision 1a, and is determined by subtracting the amount of the person's countable income that exceeds the MSA equivalent rate from the housing support supplementary service rate. A resident in a demonstration project site who no longer participates in the demonstration program shall retain eligibility for a housing support payment in an amount determined under section 256I.06, subdivision 8, using the MSA equivalent rate. Service funding under section 256I.05, subdivision 1a, will end June 30, 1997, if federal matching funds are available and the services can be provided through a managed care entity. If federal matching funds are not available, then service funding will continue under section 256I.05, subdivision 1a;

(4) for an additional two beds, resulting in a total of 32 beds, for a facility located in Hennepin County providing services for recovering and chemically dependent men that has had a housing support contract with the county and has been licensed as a board and lodge facility with special services since 1980;

(5) for a housing support provider located in the city of St. Cloud, or a county contiguous to the city of St. Cloud, that operates a 40-bed facility, that received financing through the Minnesota Housing Finance Agency Ending Long-Term Homelessness Initiative and serves chemically dependent clientele, providing 24-hour-a-day supervision;



(6) for a new 65-bed facility in Crow Wing County that will serve chemically dependent persons, operated by a housing support provider that currently operates a 304-bed facility in Minneapolis, and a 44-bed facility in Duluth;

(7) for a housing support provider that operates two ten-bed facilities, one located in Hennepin County and one located in Ramsey County, that provide community support and 24-hour-a-day supervision to serve the mental health needs of individuals who have chronically lived unsheltered; and

(8) for a facility authorized for recipients of housing support in Hennepin County with a capacity of up to 48 beds that has been licensed since 1978 as a board and lodging facility and that until August 1, 2007, operated as a licensed chemical dependency treatment program.

(b) An agency may enter into a housing support agreement for beds with rates in excess of the MSA equivalent rate in addition to those currently covered under a housing support agreement if the additional beds are only a replacement of beds with rates in excess of the MSA equivalent rate which have been made available due to closure of a setting, a change of licensure or certification which removes the beds from housing support payment, or as a result of the downsizing of a setting authorized for recipients of housing support. The transfer of available beds from one agency to another can only occur by the agreement of both agencies.

Sec. 60. Minnesota Statutes 2017 Supplement, section 256N.261, subdivision 1, is amended to read:

Subdivision 1. **Program established.** The commissioner shall design and implement a coordinated program to reduce the need for placement changes or out-of-home placements of children and youth in foster care, adoptive placements, and permanent physical and legal custody kinship placements, and to improve the functioning and stability of these families. To the extent federal funds are available, the commissioner shall provide the following adoption and foster care-competent services and ensure that placements are trauma-informed and child and family-centered:

(1) a program providing information, referrals, a parent-to-parent support network, peer support for youth, family activities, respite care, crisis services, educational support, and mental health services for children and youth in adoption, foster care, and kinship placements and adoptive, foster, and kinship families in Minnesota;

(2) training offered statewide in Minnesota for foster, adoptive, and kinship families, ~~and training for foster families~~, and the professionals who serve the families, on the effects of trauma, common disabilities of adopted children and children in foster care, and kinship placements, and challenges in adoption, foster care, and kinship placements; and

(3) periodic evaluation of these services to ensure program effectiveness in preserving and improving the success of adoptive, foster, and kinship placements.

Sec. 61. Minnesota Statutes 2016, section 256P.07, subdivision 7, is amended to read:

Subd. 7. **Minnesota supplemental aid-specific reporting.** In addition to subdivision 3, an assistance unit participating in the Minnesota supplemental aid program under section 256D.44, subdivision 5, paragraph ~~(f)~~ (g), within ten days of the change, must report shelter expenses.

Sec. 62. Minnesota Statutes 2016, section 256R.04, subdivision 7, is amended to read:

Subd. 7. **Violations and penalties.** For a period not to exceed 180 days, the commissioner may continue to make medical assistance payments to a nursing facility ~~or boarding care home~~ which is in violation of this section if extreme hardship to the residents would result. In these cases the commissioner shall issue an order requiring the nursing facility to correct the violation. The nursing facility shall have 20 days from its

receipt of the order to correct the violation. If the violation is not corrected within the 20-day period the commissioner may reduce the payment rate to the nursing facility by up to 20 percent. The amount of the payment rate reduction shall be related to the severity of the violation and shall remain in effect until the violation is corrected. The nursing facility ~~or boarding care home~~ may appeal the commissioner's action pursuant to the provisions of chapter 14 pertaining to contested cases. An appeal shall be considered timely if written notice of appeal is received by the commissioner within 20 days of notice of the commissioner's proposed action.

Sec. 63. Minnesota Statutes 2017 Supplement, section 260B.050, is amended to read:

**260B.050 EXPERT ASSISTANCE.**

In any county the court may provide for the physical and mental diagnosis of cases of minors who are believed to be persons ~~with a physical disability, mentally ill, or developmentally disabled~~, who have a physical disability, mental illness, or developmental disability and for such purpose may appoint professionally qualified persons, whose compensation shall be fixed by the judge with the approval of the county board.

Sec. 64. Minnesota Statutes 2016, section 268.069, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** The commissioner must pay unemployment benefits from the trust fund to an applicant who has met each of the following requirements:

(1) the applicant has filed an application for unemployment benefits and established a benefit account in accordance with section 268.07;

(2) the applicant has not been held ineligible for unemployment benefits under section 268.095 because of a quit or discharge;

(3) the applicant has met all of the ongoing eligibility requirements under section 268.085;

(4) the applicant does not have an outstanding overpayment of unemployment benefits, including any penalties or interest; and

(5) the applicant has not been held ineligible for unemployment benefits under section ~~268.182~~ 268.183 because of a false representation or concealment of facts.

Sec. 65. Minnesota Statutes 2016, section 268.085, subdivision 2, is amended to read:

Subd. 2. **Not eligible.** An applicant is ineligible for unemployment benefits for any week:

(1) that occurs before the effective date of a benefit account;

(2) that the applicant, at any time during the week, has an outstanding ~~fraud~~ misrepresentation overpayment balance under section 268.18, subdivision 2, including any penalties and interest;

(3) that occurs in a period when the applicant is a student in attendance at, or on vacation from a secondary school including the period between academic years or terms;

(4) that the applicant is incarcerated or performing court-ordered community service. The applicant's weekly unemployment benefit amount is reduced by one-fifth for each day the applicant is incarcerated or performing court-ordered community service;

(5) that the applicant fails or refuses to provide information on an issue of ineligibility required under section 268.101;

(6) that the applicant is performing services 32 hours or more, in employment, covered employment, noncovered employment, volunteer work, or self-employment regardless of the amount of any earnings; or

(7) with respect to which the applicant has filed an application for unemployment benefits under any federal law or the law of any other state. If the appropriate agency finally determines that the applicant is not entitled to establish a benefit account under federal law or the law of any other state, this clause does not apply.

Sec. 66. Minnesota Statutes 2016, section 268.101, subdivision 1, is amended to read:

Subdivision 1. **Notification.** (a) In an application for unemployment benefits, each applicant must report the name and the reason for no longer working for the applicant's most recent employer, as well as the names of all employers and the reasons for no longer working for all employers during the six calendar months before the date of the application. If the reason reported for no longer working for any of those employers is other than a layoff because of lack of work, that raises an issue of ineligibility that the department must determine. An applicant must report any offers of employment refused during the eight calendar weeks before the date of the application for unemployment benefits and the name of the employer that made the offer. An applicant's failure to report the name of an employer, or giving an incorrect reason for no longer working for an employer, or failing to disclose an offer of employment that was refused, is a violation of section ~~268.182, subdivision 2~~ 268.183.

In an application, the applicant must also provide all information necessary to determine the applicant's eligibility for unemployment benefits under this chapter. If the applicant fails or refuses to provide information necessary to determine the applicant's eligibility for unemployment benefits, the applicant is ineligible for unemployment benefits under section 268.085, subdivision 2, until the applicant provides this required information.

(b) Upon establishment of a benefit account under section 268.07, subdivision 2, the commissioner must notify, by mail or electronic transmission, all employers the applicant was required to report on the application and all base period employers and determined successors to those employers under section 268.051, subdivision 4, in order to provide the employer an opportunity to raise, in a manner and format prescribed by the commissioner, any issue of ineligibility. An employer must be informed of the effect that failure to raise an issue of ineligibility as a result of a quit or discharge of the applicant, as provided for under subdivision 2, paragraph (b), may have on the employer under section 268.047.

(c) Each applicant must report any employment, and loss of employment, and offers of employment refused, during those weeks the applicant filed continued requests for unemployment benefits under section 268.0865. Each applicant who stops filing continued requests during the benefit year and later begins filing continued requests during that same benefit year must report the name of any employer the applicant worked for during the period between the filing of continued requests and the reason the applicant stopped working for the employer. The applicant must report any offers of employment refused during the period between the filing of continued requests for unemployment benefits. Those employers from which the applicant has reported a loss of employment under this paragraph must be notified by mail or electronic transmission and provided an opportunity to raise, in a manner prescribed by the commissioner, any issue of ineligibility. An employer must be informed of the effect that failure to raise an issue of ineligibility as a result of a quit or a discharge of the applicant may have on the employer under section 268.047.

(d) The purpose for requiring the applicant to report the name of employers and the reason for no longer working for those employers, or offers of employment refused, under paragraphs (a) and (c) is for the commissioner to obtain information from an applicant raising all issues that may result in the applicant being ineligible for unemployment benefits under section 268.095, because of a quit or discharge, or the applicant being ineligible for unemployment benefits under section 268.085, subdivision 13c. If the reason given by the applicant for no longer working for an employer is other than a layoff because of lack of work, that raises an issue of ineligibility and the applicant is required, as part of the determination process under subdivision

2, paragraph (a), to state all the facts about the cause for no longer working for the employer, if known. If the applicant fails or refuses to provide any required information, the applicant is ineligible for unemployment benefits under section 268.085, subdivision 2, until the applicant provides this required information.

Sec. 67. Minnesota Statutes 2016, section 268.186, subdivision 1, is amended to read:

Subdivision 1. **Employer records; audits.** (a) Each employer must keep true and accurate records on individuals performing services for the employer, containing the information the commissioner may require under Minnesota Rules, part 3315.1010. The records must be kept for a period of not less than four years in addition to the current calendar year.

(b) For the purpose of administering this chapter, the commissioner has the power to audit, examine, or cause to be supplied or copied, any books, correspondence, papers, records, or memoranda that are the property of, or in the possession of, an employer or any other person at any reasonable time and as often as may be necessary. Subpoenas may be issued under section 268.188, as necessary, for an audit.

An employer, or other person, that refuses to allow an audit of its records by the department, or that fails to make all necessary records available for audit in Minnesota upon request of the commissioner, may be assessed an administrative penalty of \$500. The penalty collected is credited to the trust fund.

(c) An employer, or other person, that fails to provide a weekly breakdown of money earned by an applicant upon request of the commissioner, information necessary for the detection of applicant ~~fraud~~ misrepresentation under section 268.18, subdivision 2, may be assessed an administrative penalty of \$100. Any notice requesting a weekly breakdown must clearly state that a \$100 penalty may be assessed for failure to provide the information. The penalty collected is credited to the trust fund.

Sec. 68. Minnesota Statutes 2017 Supplement, section 270.071, subdivision 7a, is amended to read:

Subd. 7a. ~~Intermittently~~ **Intermittent or irregularly timed flights.** "~~Intermittently~~ Intermittent or irregularly timed flights" means any flight in which the departure time, departure location, and arrival location are specifically negotiated with the customer or the customer's representative, including but not limited to charter flights.

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

Sec. 69. Minnesota Statutes 2017 Supplement, section 270.074, subdivision 1, is amended to read:

Subdivision 1. **Valuation.** The commissioner shall determine the market valuation of all flight property operated or used by every airline company in air commerce in this state. The valuation apportioned to this state of such flight property shall be the proportion of the total valuation thereof determined on the basis of the total of the following percentages:

(1) 50 percent of the percentage which the number of revenue ton miles of passengers, mail, express and freight flown by the airline company within this state during the preceding calendar year is of the total number of such miles flown by it within and without this state during the preceding calendar year.

(2) 50 percent of the percentage that the total departures performed by the airline company within this state during the preceding calendar year is of the total departures performed by it within and without this state during the preceding calendar year.

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

Sec. 70. Minnesota Statutes 2017 Supplement, section 272.02, subdivision 10, is amended to read:

Subd. 10. **Personal property used for pollution control.** Personal property used primarily for the abatement and control of air, water, or land pollution is exempt to the extent that it is so used, and real property is exempt if it is used primarily for abatement and control of air, water, or land pollution as part of an agricultural operation, as a part of a centralized treatment and recovery facility operating under a permit issued by the Minnesota Pollution Control Agency pursuant to chapters 115 and 116 and Minnesota Rules, parts 7001.0500 to 7001.0730, and 7045.0020 to 7045.1030, as a wastewater treatment facility and for the treatment, recovery, and stabilization of metals, oils, chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, or as part of an electric generation system. For purposes of this subdivision, personal property includes ponderous machinery and equipment used in a business or production activity that at common law is considered real property.

Any taxpayer requesting exemption of all or a portion of any real property or any equipment or device, or part thereof, operated primarily for the control or abatement of air, water, or land pollution shall file an application with the commissioner of revenue. The commissioner shall develop an electronic means to notify interested parties when electric power generation facilities have filed an application. The commissioner shall prescribe the content, format, and manner of the application pursuant to section 270C.30, except that a "law administered by the commissioner" includes the property tax laws, ~~and~~. If an application is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered by the commissioner" includes the property tax laws. The Minnesota Pollution Control Agency shall upon request of the commissioner furnish information and advice to the commissioner.

The information and advice furnished by the Minnesota Pollution Control Agency must include statements as to whether the equipment, device, or real property meets a standard, rule, criteria, guideline, policy, or order of the Minnesota Pollution Control Agency, and whether the equipment, device, or real property is installed or operated in accordance with it. On determining that property qualifies for exemption, the commissioner shall issue an order exempting the property from taxation. The commissioner shall develop an electronic means to notify interested parties when the commissioner has issued an order exempting property from taxation under this subdivision. The equipment, device, or real property shall continue to be exempt from taxation as long as the order issued by the commissioner remains in effect.

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

Sec. 71. Minnesota Statutes 2017 Supplement, section 273.372, subdivision 2, is amended to read:

Subd. 2. **Contents and filing of petition.** (a) In all appeals to court that are required to be brought against the commissioner under this section, the petition initiating the appeal must be served on the commissioner and must be filed with the Tax Court in Ramsey County, as provided in paragraph (b) or (c).

(b) If the appeal to court is from an order of the commissioner, it must be brought under chapter 271 and filed within the time period prescribed in section 271.06, subdivision 2, except that when the provisions of this section conflict with chapter 271 or 278, this section prevails. In addition, the petition must include all the parcels encompassed by that order which the petitioner claims have been partially, unfairly, or unequally assessed, assessed at a valuation greater than their real or actual value, misclassified, or are exempt. For this purpose, an order of the commissioner is either (1) a certification or notice of value by the commissioner for property described in subdivision 1, or (2) the final determination by the commissioner of either an administrative appeal conference or informal administrative appeal described in subdivision 4.

(c) If the appeal is from the tax that results from implementation of the commissioner's order, certification, or recommendation, it must be brought under chapter 278, and the provisions in that chapter apply, except that service shall be on the commissioner only and not on the local officials specified in section 278.01, subdivision 1, and if any other provision of this section conflicts with chapter 278, this section prevails. In addition, the petition must include either all the utility parcels or all the railroad parcels in the state in which

the petitioner claims an interest and which the petitioner claims have been partially, unfairly, or unequally assessed, assessed at a valuation greater than their real or actual value, misclassified, or are exempt.

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

Sec. 72. Minnesota Statutes 2017 Supplement, section 290.01, subdivision 31, is amended to read:

Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 16, 2016. Internal Revenue Code also includes any uncodified provision in federal law that relates to provisions of the Internal Revenue Code that are incorporated into Minnesota law. ~~When used in this chapter, the reference to "subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code" is to the Internal Revenue Code as amended through March 18, 2010.~~

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2012.

Sec. 73. Minnesota Statutes 2017 Supplement, section 290.067, subdivision 1, is amended to read:

Subdivision 1. **Amount of credit.** (a) A taxpayer may take as a credit against the tax due from the taxpayer and a spouse, if any, under this chapter an amount equal to the dependent care credit for which the taxpayer is eligible pursuant to the provisions of section 21 of the Internal Revenue Code except that in determining whether the child qualified as a dependent, income received as a Minnesota family investment program grant or allowance to or on behalf of the child must not be taken into account in determining whether the child received more than half of the child's support from the taxpayer, ~~and the provisions of section 32(b)(1)(D) of the Internal Revenue Code do not apply.~~

(b) If a child who has not attained the age of six years at the close of the taxable year is cared for at a licensed family day care home operated by the child's parent, the taxpayer is deemed to have paid employment-related expenses. If the child is 16 months old or younger at the close of the taxable year, the amount of expenses deemed to have been paid equals the maximum limit for one qualified individual under section 21(c) and (d) of the Internal Revenue Code. If the child is older than 16 months of age but has not attained the age of six years at the close of the taxable year, the amount of expenses deemed to have been paid equals the amount the licensee would charge for the care of a child of the same age for the same number of hours of care.

(c) If a married couple:

(1) has a child who has not attained the age of one year at the close of the taxable year;

(2) files a joint tax return for the taxable year; and

(3) does not participate in a dependent care assistance program as defined in section 129 of the Internal Revenue Code, in lieu of the actual employment related expenses paid for that child under paragraph (a) or the deemed amount under paragraph (b), the lesser of (i) the combined earned income of the couple or (ii) the amount of the maximum limit for one qualified individual under section 21(c) and (d) of the Internal Revenue Code will be deemed to be the employment related expense paid for that child. The earned income limitation of section 21(d) of the Internal Revenue Code shall not apply to this deemed amount. These deemed amounts apply regardless of whether any employment-related expenses have been paid.

(d) If the taxpayer is not required and does not file a federal individual income tax return for the tax year, no credit is allowed for any amount paid to any person unless:

(1) the name, address, and taxpayer identification number of the person are included on the return claiming the credit; or

(2) if the person is an organization described in section 501(c)(3) of the Internal Revenue Code and exempt from tax under section 501(a) of the Internal Revenue Code, the name and address of the person are included on the return claiming the credit.

In the case of a failure to provide the information required under the preceding sentence, the preceding sentence does not apply if it is shown that the taxpayer exercised due diligence in attempting to provide the information required.

(e) In the case of a nonresident, part-year resident, or a person who has earned income not subject to tax under this chapter including earned income excluded pursuant to section 290.0132, subdivision 10, the credit determined under section 21 of the Internal Revenue Code must be allocated based on the ratio by which the earned income of the claimant and the claimant's spouse from Minnesota sources bears to the total earned income of the claimant and the claimant's spouse.

(f) For residents of Minnesota, the subtractions for military pay under section 290.0132, subdivisions 11 and 12, are not considered "earned income not subject to tax under this chapter."

(g) For residents of Minnesota, the exclusion of combat pay under section 112 of the Internal Revenue Code is not considered "earned income not subject to tax under this chapter."

(h) For taxpayers with federal adjusted gross income in excess of \$50,000, the credit is equal to the lesser of the credit otherwise calculated under this subdivision, or the amount equal to \$600 minus five percent of federal adjusted gross income in excess of \$50,000 for taxpayers with one qualified individual, or \$1,200 minus five percent of federal adjusted gross income in excess of \$50,000 for taxpayers with two or more qualified individuals, but in no case is the credit less than zero.

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

Sec. 74. Minnesota Statutes 2016, section 290.068, as amended by Laws 2017, First Special Session chapter 1, article 1, section 23, and Laws 2017, First Special Session chapter 1, article 13, section 10, is amended to read:

#### **290.068 CREDIT FOR INCREASING RESEARCH ACTIVITIES.**

Subdivision 1. **Credit allowed.** A corporation, partners in a partnership, or shareholders in a corporation treated as an "S" corporation under section 290.9725 are allowed a credit against the tax computed under this chapter for the taxable year equal to:

- (a) ten percent of the first \$2,000,000 of the excess (if any) of
  - (1) the qualified research expenses for the taxable year, over
  - (2) the base amount; and
- (b) four percent on all of such excess expenses over \$2,000,000.

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

(a) "Qualified research expenses" means (i) qualified research expenses and basic research payments as defined in section 41(b) and (e) of the Internal Revenue Code, except it does not include expenses incurred for qualified research or basic research conducted outside the state of Minnesota pursuant to section 41(d) and (e) of the Internal Revenue Code; and (ii) contributions to a nonprofit corporation established and operated pursuant to the provisions of chapter 317A for the purpose of promoting the establishment and expansion of business in this state, provided the contributions are invested by the nonprofit corporation for the purpose of providing funds for small, technologically innovative enterprises in Minnesota during the early stages of their development.

(b) "Qualified research" means qualified research as defined in section 41(d) of the Internal Revenue Code, except that the term does not include qualified research conducted outside the state of Minnesota.

(c) "Base amount" means base amount as defined in section 41(c) of the Internal Revenue Code, except that the average annual gross receipts and aggregate gross receipts must be calculated using Minnesota sales or receipts under section 290.191 and the definitions contained in paragraphs (a) and (b) shall apply.

(d) "Liability for tax" means the sum of the tax imposed under section 290.06, subdivisions 1 and 2c, for the taxable year reduced by the sum of the nonrefundable credits allowed under this chapter, on all of the entities required to be included on the combined report of the unitary business.

Subd. 3. **Limitation; carryover.** (a) The credit for a taxable year beginning before January 1, 2010, and after December 31, 2012, shall not exceed the liability for tax. ~~"Liability for tax" for purposes of this section means the sum of the tax imposed under section 290.06, subdivisions 1 and 2c, for the taxable year reduced by the sum of the nonrefundable credits allowed under this chapter, on all of the entities required to be included on the combined report of the unitary business.~~ If the amount of the credit allowed exceeds the liability for tax of the taxpayer, but is allowed as a result of the liability for tax of other members of the unitary group for the taxable year, the taxpayer must allocate the excess as a research credit to another member of the unitary group.

(b) In the case of a corporation which is a partner in a partnership, the credit allowed for the taxable year shall not exceed the lesser of the amount determined under paragraph (a) for the taxable year or an amount (separately computed with respect to the corporation's interest in the trade or business or entity) equal to the amount of tax attributable to that portion of taxable income which is allocable or apportionable to the corporation's interest in the trade or business or entity.

(c) If the amount of the credit determined under this section for any taxable year exceeds the limitation under paragraph (a) or (b), including amounts allocated to other members of the unitary group, the excess shall be a research credit carryover to each of the 15 succeeding taxable years. The entire amount of the excess unused credit for the taxable year shall be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. The amount of the unused credit which may be added under this clause shall not exceed the taxpayer's liability for tax less the research credit for the taxable year.

Subd. 4. **Partnerships and S corporations.** In the case of partnerships the credit shall be allocated in the same manner provided by section 41(f)(2) of the Internal Revenue Code.

For shareholders in S corporations the credit must be allocated in the same manner as provided by section 1366(a) of the Internal Revenue Code.

Subd. 5. **Adjustments; acquisitions and dispositions.** If a taxpayer acquires or disposes of the major portion of a trade or business or the major portion of a separate unit of a trade or business in a transaction with another taxpayer, the taxpayer's qualified research expenses and base amount are adjusted in the same manner provided by section 41(f)(3) of the Internal Revenue Code.

Subd. 6a. **Credit to be refundable.** If the amount of credit allowed in this section for qualified research expenses incurred in taxable years beginning after December 31, 2009, and before January 1, 2013, exceeds the taxpayer's tax liability under this chapter, the commissioner shall refund the excess amount. The credit allowed for qualified research expenses incurred in taxable years beginning after December 31, 2009, and before January 1, 2013, must be used before any research credit earned under subdivision 3.

Subd. 7. **Appropriation.** An amount sufficient to pay the refunds required by this section is appropriated to the commissioner from the general fund.



Sec. 75. Minnesota Statutes 2017 Supplement, section 290.081, is amended to read:

**290.081 INCOME OF NONRESIDENTS, RECIPROCITY.**

(a) The compensation received for the performance of personal or professional services within this state by an individual whose residence, place of abode, and place customarily returned to at least once a month is in another state, shall be excluded from gross income to the extent such compensation is subject to an income tax imposed by the state of residence; provided that such state allows a similar exclusion of compensation received by residents of Minnesota for services performed therein.

(b) When it is deemed to be in the best interests of the people of this state, the commissioner may determine that the provisions of paragraph (a) shall not apply. As long as the provisions of paragraph (a) apply between Minnesota and Wisconsin, the provisions of paragraph (a) shall apply to any individual who is domiciled in Wisconsin.

(c) For the purposes of paragraph (a), whenever the Wisconsin tax on Minnesota residents which would have been paid Wisconsin without paragraph (a) exceeds the Minnesota tax on Wisconsin residents which would have been paid Minnesota without paragraph (a), or vice versa, then the state with the net revenue loss calculated under paragraph (e) shall receive from the other state the amount of such loss.

(d) Payments for amounts calculated under paragraph (c) must equal one-quarter of the estimated annual amount and must be paid at the midpoint of each quarter, on February 15, May 15, August 15, and November 15.

(e)(1) The commissioner of revenue is authorized to enter into agreements with the state of Wisconsin specifying the reciprocity payment due dates, conditions constituting delinquency, interest rates, and a method for computing interest due.

(2) For agreements entered into before August 1, 2018, the annual compensation required under paragraph (c) must equal at least the net revenue loss minus up to \$3,000,000 per fiscal year.

(3) For the purposes of this section, "net revenue loss" means the difference between the amount of Minnesota income taxes Minnesota forgoes by not taxing Wisconsin residents on income subject to reciprocity and the credit Minnesota would have been required to give under section 290.06, subdivision 22, to Minnesota residents working in Wisconsin had there not been reciprocity.

(4) All agreements must include provisions:

(i) providing for a suspension of the agreement if one party to the agreement does not pay in full by a time prescribed in the agreement;

(ii) setting the interest rate that will be applied, and that interest shall run from the date the payment is due until the day the payment is made, except that interest from the reconciliation payments runs from July 1 of the tax year until paid;

(iii) stating a time for annual reconciliation must be completed by October 31 of the year following the tax year, and the time for payment of any amounts to be completed by no later than December 1 of the year following the tax year;

(iv) requiring the parties to jointly conduct updated benchmark studies every five years beginning tax year 2018;

(v) requiring each party to the agreement to require taxpayers who request exemption from withholding in the state where they work to make an annual application and that a list of participants will be exchanged annually; and

(vi) that provide that the sum of the amount of the quarterly payments must be a reasonable estimate of the revenue loss as defined in item (iii) clause (3).

(f) If an agreement cannot be reached as to the amount of the loss, the commissioner of revenue and the taxing official of the state of Wisconsin shall each appoint a member of a board of arbitration and these members shall appoint the third member of the board. The board shall select one of its members as chair. Such board may administer oaths, take testimony, subpoena witnesses, and require their attendance, require the production of books, papers and documents, and hold hearings at such places as are deemed necessary. The board shall then make a determination as to the amount to be paid the other state which determination shall be final and conclusive.

(g) The commissioner may furnish copies of returns, reports, or other information to the taxing official of the state of Wisconsin, a member of the board of arbitration, or a consultant under joint contract with the states of Minnesota and Wisconsin for the purpose of making a determination as to the amount to be paid the other state under the provisions of this section. Prior to the release of any information under the provisions of this section, the person to whom the information is to be released shall sign an agreement which provides that the person will protect the confidentiality of the returns and information revealed thereby to the extent that it is protected under the laws of the state of Minnesota.

Sec. 76. Minnesota Statutes 2016, section 290.0921, subdivision 4, is amended to read:

Subd. 4. **Alternative tax net operating loss.** (a) An alternative tax net operating loss deduction is allowed from alternative minimum taxable net income equal to the net operating loss deduction allowable for the taxable year under section 290.095 with the following modifications:

(1) The amount of the net operating loss deduction must not exceed 90 percent of alternative minimum taxable net income.

(2) In determining the amount of the net operating loss deduction (i) the net operating loss under section 290.095 must be adjusted as provided in paragraph (b), and (ii) for taxable years beginning after December 31, 1989, section 290.095, subdivision 3, must be applied by substituting "90 percent of alternative minimum taxable net income" for "taxable net income."

~~(b) The following adjustments must be made to the alternative tax net operating loss deduction under paragraph (a):~~

~~(+) For a loss year beginning after December 31, 1989, the net operating loss for each year under section 290.095 must be (+) (1) determined with the adjustments provided in sections 56 and 58 of the Internal Revenue Code, as modified by subdivision 3 and (++) (2) reduced by the items of tax preference for the year determined under section 57 of the Internal Revenue Code, as modified by subdivision 3.~~

~~(2) For a loss year beginning before January 1, 1990, the amount of the net operating loss that may be carried over to taxable years beginning after December 31, 1989, equals the amount which may be carried from the loss year to the first taxable year of the taxpayer beginning after December 31, 1989.~~

Sec. 77. Minnesota Statutes 2016, section 290.92, subdivision 19, is amended to read:

Subd. 19. **Employees incurring no income tax liability.** ~~(+)~~ Notwithstanding any other provision of this section, except the provisions of subdivision 5a, an employer is not required to deduct and withhold any tax under this chapter from wages paid to an employee if:

(1) the employee furnished the employer with a withholding exemption certificate that:

(i) certifies the employee incurred no liability for income tax imposed under this chapter for the employee's preceding taxable year;

(ii) certifies the employee anticipates incurring no liability for income tax imposed under this chapter for the current taxable year; and

(iii) is in a form and contains any other information prescribed by the commissioner; or

(2)(i) the employee is not a resident of Minnesota when the wages were paid; and

(ii) the employer reasonably expects that the employer will not pay the employee enough wages assignable to Minnesota under section 290.17, subdivision 2, paragraph (a)(1), to meet the nonresident requirement to file a Minnesota individual income tax return for the taxable year under section 289A.08, subdivision 1, paragraph (a).

~~(b) The commissioner shall by rule provide for the coordination of the provisions of this subdivision with the provisions of subdivision 7.~~

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

Sec. 78. Minnesota Statutes 2016, section 290.923, subdivision 8, is amended to read:

Subd. 8. **Records.** Every person liable for tax imposed by this section or for the collection of it shall be subject to the provisions of ~~section 290.92, subdivision 14~~ sections 270C.31 and 270C.32.

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

Sec. 79. Minnesota Statutes 2016, section 290C.12, is amended to read:

**290C.12 DEATH OF CLAIMANT.**

Within one year after the death of the claimant, the claimant's heir, devisee, or estate must either:

(1) notify the commissioner of election to terminate enrollment in the sustainable forest incentive program; or

(2) make an application under this chapter to continue enrollment of the land in the program.

Upon notification under clause (1), the commissioner shall terminate the enrollment and issue a document releasing the land from the covenant as provided in section 290C.04, paragraph ~~(e)~~ (d). Penalties under section 290C.11 shall not apply. If the application under clause (2) is approved, the land is enrolled in the program without a break. If the commissioner does not receive notification within one year after the date of death, enrollment in the program shall be terminated and penalties under section 290C.11 shall not apply.

**EFFECTIVE DATE.** This section is effective for certifications and applications due in 2018.

Sec. 80. Minnesota Statutes 2016, section 290C.13, subdivision 7, is amended to read:

Subd. 7. **Agreement determining issues under appeal.** When it appears to be in the best interests of the state, the commissioner may settle the amount of any incentive payments, payments owed by the claimant under section 290C.11, paragraph (b) or (c), penalties, or interest that the commissioner has under consideration by virtue of an appeal filed under this section. An agreement must be in writing and signed by the commissioner and the claimant, or the claimant's representative authorized by the claimant to enter into an agreement. The agreement is final and conclusive and, except upon a showing of fraud or malfeasance, or misrepresentation of a material fact, the case must not be reopened as to the matters agreed upon.

Sec. 81. Minnesota Statutes 2016, section 291.03, subdivision 8, is amended to read:

Subd. 8. **Definitions.** (a) For purposes of this section, the following terms have the meanings given in this subdivision.

(b) "Family member" means a family member as defined in section 2032A(e)(2) of the Internal Revenue Code, or a trust whose present beneficiaries are all family members as defined in section 2032A(e)(2) of the Internal Revenue Code.

(c) "Qualified heir" means a family member who acquired qualified property upon the death of the decedent and satisfies the requirement under subdivision 9, clause ~~(7)~~ (8), or subdivision 10, clause (5), for the property.

(d) "Qualified property" means qualified small business property under subdivision 9 and qualified farm property under subdivision 10.

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

Sec. 82. Minnesota Statutes 2017 Supplement, section 291.03, subdivision 11, is amended to read:

Subd. 11. **Recapture tax.** (a) If, within three years after the decedent's death and before the death of the qualified heir, the qualified heir disposes of any interest in the qualified property, other than by a disposition to a family member, or a family member ceases to satisfy the requirement under subdivision 9, clause ~~(7)~~ (8); or 10, clause (5), an additional estate tax is imposed on the property. In the case of a sole proprietor, if the qualified heir replaces qualified small business property excluded under subdivision 9 with similar property, then the qualified heir will not be treated as having disposed of an interest in the qualified property.

(b) The amount of the additional tax equals the amount of the exclusion claimed by the estate under subdivision 8, paragraph (d), multiplied by 16 percent.

(c) The additional tax under this subdivision is due on the day which is six months after the date of the disposition or cessation in paragraph (a).

(d) The tax under this subdivision does not apply to the acquisition of title or possession of the qualified property by a federal, state, or local government unit, or any other entity with the power of eminent domain for a public purpose, as defined in section 117.025, subdivision 11, within the three-year holding period.

(e) This subdivision shall not apply as a result of any of the following:

(1) a portion of qualified farm property consisting of less than one-fifth of the acreage of the property is reclassified as class 2b property under section 273.13, subdivision 23, and the qualified heir has not substantially altered the reclassified property during the three-year holding period; or

(2) a portion of qualified farm property classified as class 2a property at the death of the decedent pursuant to section 273.13, subdivision 23, paragraph (a), consisting of a residence, garage, and immediately surrounding one acre of land is reclassified as class 4bb property during the three-year holding period, and the qualified heir has not substantially altered the property.

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

Sec. 83. Minnesota Statutes 2016, section 296A.24, subdivision 2, is amended to read:

Subd. 2. **Forfeiture.** (a) Within ten days after the seizure, the person making the seizure shall serve by certified mail an inventory of the vehicle or property seized on the person from whom the seizure was made, if known, and on any person known or believed to have any right, title, interest, or lien on the vehicle or property, at the last known address, and file a copy with the commissioner. The notice must include an explanation of the right to demand a judicial forfeiture determination.

(b) Within 60 days after the date of service of the inventory, which is the date of mailing, the person from whom the vehicle or property was seized or any person claiming an interest in it may file a demand

for a judicial determination of whether the vehicle or property was lawfully subject to seizure and forfeiture. The demand must be in the form of a civil complaint and must be filed with the court administrator in the county in which the seizure occurred, together with proof of service of a copy of the complaint on the commissioner of revenue, and the standard filing fee for civil actions unless the petitioner has the right to sue in forma pauperis under section 563.01. If the value of the seized property or vehicle is ~~\$10,000~~ \$15,000 or less, the claimant may file an action in conciliation court for its recovery. If the value of the seized property or vehicle is less than \$500, the claimant does not have to pay the conciliation court filing fee.

(c) The complaint must be captioned in the name of the claimant as plaintiff and the seized property or vehicle as defendant, and must state with specificity the grounds on which the claimant alleges the property or vehicle was improperly seized and the plaintiff's interest in the property or vehicle seized. No responsive pleading is required of the commissioner and no court fees may be charged for the commissioner's appearance in the matter. The proceedings are governed by the Rules of Civil Procedure. Notwithstanding any law to the contrary, an action for the return of property or a vehicle seized under this section may not be maintained by or on behalf of any person who has been served with an inventory unless the person has complied with this subdivision. The court shall hear the action without a jury and shall try and determine the issues of fact and law involved.

(d) When a judgment of forfeiture is entered, the commissioner may, unless the judgment is stayed pending an appeal, either:

(1) cause the forfeited gasoline or special fuel to be destroyed; or

(2) cause the forfeited property in clause (1) or vehicle to be sold at public auction as provided by law. After deducting the expense of keeping the property and vehicle and the costs of the sale, the commissioner shall pay from the funds collected all liens according to their priority, which are established as being bona fide and as existing without the lienor having any notice or knowledge that the property or vehicle was being used or was intended to be used for or in connection with any violation, and shall pay the balance of the proceeds into the general fund.

(e) If no demand for judicial determination is made, the property or vehicle seized must be considered forfeited to the state by operation of law and may be disposed of by the commissioner as provided where there has been a judgment of forfeiture.

Sec. 84. Minnesota Statutes 2017 Supplement, section 297A.71, subdivision 44, is amended to read:

Subd. 44. **Building materials, capital projects.** (a) Materials and supplies used or consumed in and equipment incorporated into the construction or improvement of a capital project funded partially or wholly under section 297A.9905 are exempt, provided that the project has either:

(1) a total construction cost of at least \$40,000,000 within a 24-month period; or

(2) a total construction cost of at least \$100,000,000 for a sports facility project, including infrastructure costs, if construction contracts are signed, that begins after July 1, 2016, and before December 31, 2017.

(b) Materials and supplies used or consumed in and equipment incorporated into the construction, remodeling, expansion, or improvement of an ice arena or other buildings or facilities owned and operated by the city of Plymouth are exempt. For purposes of this paragraph, "facilities" include municipal streets and facilities associated with streets including but not limited to lighting, curbs and gutters, and sidewalks. The total amount of refund on all building materials, supplies, and equipment that the city may apply for under this paragraph is \$2,500,000.

(c) The tax on purchases exempt under paragraph (a), clause (1), and paragraph (b), must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner provided in section 297A.75. Notwithstanding section 289A.40, the city of Plymouth must file for refund

by December 31, 2017, for sales tax paid on all eligible purchases under paragraph (b) made prior to December 31, 2015.

(d) The exemption under paragraph (a), clause (2), expires one year after the date that the first major sports game is played at the sports facility.

(e) For purposes of paragraph (a), clause (2), the term "infrastructure" means plazas, parking structures, transit facilities, rights-of-way, sidewalks, pedestrian bridges, bicycle paths, skyways, tunnels, lighting, landscaping, drainage improvements, utilities, sewer, and other such facilities and improvements that are:

(1) on land controlled by the city of St. Paul, when construction is complete;

(2) located within the sports facility site within the boundary of Snelling Avenue to the ~~east~~ west, University Avenue to the north, marked Interstate Highway 94 to the south, and Pascal Street to the ~~west~~ east, in St. Paul, Minnesota; and

(3) designed to facilitate public access to or to serve only the sports facility, and not to provide access to or serve any adjoining commercial or residential properties.

**EFFECTIVE DATE.** This section is effective retroactively for sales and purchases made after May 30, 2017.

Sec. 85. Minnesota Statutes 2016, section 297A.91, subdivision 2, is amended to read:

Subd. 2. **Court review of forfeiture.** (a) Within 60 days after the date of service of the inventory, which is the date of mailing, the person from whom the vehicle and property were seized or any person claiming an interest in the vehicle or property may file a demand for a judicial determination of the question of whether the vehicle or property was lawfully subject to seizure and forfeiture.

(b) The demand must be in the form of a civil complaint and must be filed with the court administrator in the county in which the seizure occurred, together with proof of service or a copy of the complaint on the commissioner of revenue, and the standard filing fee for civil actions unless the petitioner has the right to sue in forma pauperis under section 563.01. If the value of the seized property or vehicle is ~~\$10,000~~ \$15,000 or less, the claimant may file an action in conciliation court for its recovery. If the value of the seized property or vehicle is less than \$500, the claimant does not have to pay the conciliation court filing fee.

(c) The complaint must be captioned in the name of the claimant as plaintiff and the seized property or vehicle as defendant, and must state with specificity the grounds on which the claimant alleges the property or vehicle was improperly seized and the plaintiff's interest in the property or vehicle seized. No responsive pleading is required of the commissioner, and no court fees may be charged for the commissioner's appearance in the matter. The proceedings are governed by the Rules of Civil Procedure. Notwithstanding any law to the contrary, an action for the return of property or a vehicle seized under this subdivision may not be maintained by or on behalf of any person who has been served with an inventory unless the person has complied with this subdivision. The court shall hear the action without a jury and shall determine the issues of fact and law involved. If a judgment of forfeiture is entered and is not stayed pending an appeal, the commissioner may have the forfeited vehicle and property sold at public auction as provided by law.

Sec. 86. Minnesota Statutes 2016, section 297E.16, subdivision 2, is amended to read:

Subd. 2. **Inventory; judicial determination; appeal; disposition of seized property.** (a) Within ten days after the seizure of alleged contraband described in section 349.2125, subdivision 1, the person making the seizure shall serve by certified mail an inventory of the property seized on the person from whom the property was seized, if known, and on any person known or believed to have any right, title, interest, or lien in the property, at the last known address, and file a copy with the commissioner or the director of alcohol

and gambling enforcement. The notice must include an explanation of the right to demand a judicial forfeiture determination.

(b) Within 60 days after the date of service of the inventory, which is the date of mailing, the person from whom the property was seized or any person claiming an interest in the property may file a demand for judicial determination of whether the property was lawfully subject to seizure and forfeiture. The demand must be in the form of a civil complaint and must be filed with the court administrator in the county in which the seizure occurred, together with proof of service of a copy of the complaint on the commissioner of revenue or the director of alcohol and gambling enforcement, and the standard filing fee for civil actions unless the petitioner has the right to sue in forma pauperis under section 563.01. If the value of the seized property is ~~\$10,000~~ \$15,000 or less, the claimant may file an action in conciliation court for recovery of the property. If the value of the seized property is less than \$500, the claimant does not have to pay the conciliation court filing fee.

(c) The complaint must be captioned in the name of the claimant as plaintiff and the seized property as defendant, and must state with specificity the grounds on which the claimant alleges the property was improperly seized and the plaintiff's interest in the property seized. No responsive pleading is required of the commissioner or director, and no court fees may be charged for the commissioner's or director's appearance in the matter. The proceedings are governed by the Rules of Civil Procedure. Notwithstanding any law to the contrary, an action for the return of property seized under this section may not be maintained by or on behalf of any person who has been served with an inventory unless the person has complied with this subdivision. The court shall hear the action without a jury and determine the issues of fact and law involved.

(d) If a judgment of forfeiture is entered, the seizing authority may, unless the judgment is stayed pending an appeal, either (1) cause the forfeited property, other than a vehicle, to be destroyed; or (2) cause it to be sold at a public auction as provided by law. The person making a sale, after deducting the expense of keeping the property, the fee for seizure, and the costs of the sale, shall pay all liens according to their priority, which are established as being bona fide and as existing without the lienor having any notice or knowledge that the property was being used or was intended to be used for or in connection with the violation. The balance of the proceeds must be paid 70 percent to the seizing authority for deposit as a supplement to its operating fund or similar fund for official use, and 20 percent to the county attorney or other prosecuting agency that handled the court proceeding, if there is one, for deposit as a supplement to its operating fund or similar fund for prosecutorial purposes. The remaining ten percent of the proceeds must be forwarded within 60 days after resolution of the forfeiture to the Department of Human Services to fund programs for the treatment of compulsive gamblers. If there is no prosecuting authority involved in the forfeiture, the 20 percent of the proceeds otherwise designated for the prosecuting authority must be deposited into the general fund.

(e) If no demand for judicial determination is made, the property seized is considered forfeited to the seizing authority by operation of law and may be disposed of by the seizing authority as provided where there has been a judgment of forfeiture.

Sec. 87. Minnesota Statutes 2016, section 297F.06, subdivision 1, is amended to read:

Subdivision 1. **Federal laws.** The tax imposed by this ~~section~~ chapter does not apply with respect to any sale of cigarettes or tobacco products which under the Constitution and laws of the United States may not be subject to taxation by the state.

Sec. 88. Minnesota Statutes 2016, section 297F.21, subdivision 3, is amended to read:

Subd. 3. **Inventory; judicial determination; appeal; disposition of seized property.** (a) Within ten days after the seizure of any alleged contraband, the person making the seizure shall serve by certified mail an inventory of the property seized on the person from whom the seizure was made, if known, and on any person known or believed to have any right, title, interest, or lien in the property, at the last known address,

and file a copy with the commissioner. The notice must include an explanation of the right to demand a judicial forfeiture determination.

(b) Within 60 days after the date of service of the inventory, which is the date of mailing, the person from whom the property was seized or any person claiming an interest in the property may file a demand for a judicial determination of the question as to whether the property was lawfully subject to seizure and forfeiture. The demand must be in the form of a civil complaint and must be filed with the court administrator in the county in which the seizure occurred, together with proof of service of a copy of the complaint on the commissioner of revenue, and the standard filing fee for civil actions unless the petitioner has the right to sue in forma pauperis under section 563.01. If the value of the seized property is ~~\$10,000~~ \$15,000 or less, the claimant may file an action in conciliation court for recovery of the property. If the value of the seized property is less than \$500, the claimant does not have to pay the conciliation court filing fee.

(c) The complaint must be captioned in the name of the claimant as plaintiff and the seized property as defendant, and must state with specificity the grounds on which the claimant alleges the property was improperly seized and the plaintiff's interest in the property seized. No responsive pleading is required of the commissioner, and no court fees may be charged for the commissioner's appearance in the matter. The proceedings are governed by the Rules of Civil Procedure. Notwithstanding any law to the contrary, an action for the return of property seized under this section may not be maintained by or on behalf of any person who has been served with an inventory unless the person has complied with this subdivision. The court shall decide whether the alleged contraband is contraband, as defined in subdivision 1. The court shall hear the action without a jury and shall try and determine the issues of fact and law involved.

(d) When a judgment of forfeiture is entered, unless the judgment is stayed pending an appeal, the commissioner:

(1) may authorize the forfeited property to be used for the purpose of enforcing a criminal provision of state or federal law;

(2) shall cause forfeited cigarette packages or tobacco products not used under clause (1) to be destroyed and products used under clause (1) to be destroyed upon the completion of use; and

(3) may cause the forfeited property, other than forfeited cigarette packages or tobacco products, to be sold at public auction as provided by law.

The person making a sale, after deducting the expense of keeping the property, the fee for seizure, and the costs of the sale, shall pay all liens according to their priority, which are established as being bona fide and as existing without the lienor having any notice or knowledge that the property was being used or was intended to be used for or in connection with the violation. The balance of the proceeds must be paid 75 percent to the Department of Revenue for deposit as a supplement to its operating fund or similar fund for official use, and 25 percent to the county attorney or other prosecuting agency that handled the court proceeding, if there is one, for deposit as a supplement to its operating fund or similar fund for prosecutorial purposes. If there is no prosecuting authority involved in the forfeiture, the 25 percent of the proceeds otherwise designated for the prosecuting authority must be deposited into the general fund.

(e) If no demand for judicial determination is made, the property seized is considered forfeited to the state by operation of law and may be disposed of by the commissioner as provided in the case of a judgment of forfeiture.

Sec. 89. Minnesota Statutes 2016, section 297G.20, subdivision 4, is amended to read:

Subd. 4. **Inventory; judicial determination; appeal; disposition of seized property.** (a) Within ten days after the seizure of alleged contraband, the person making the seizure shall serve by certified mail an inventory of the property seized on the person from whom the property was seized, if known, and on any person known or believed to have any right, title, interest, or lien in the property, at the last known address,



and file a copy with both the commissioners of revenue and public safety. The notice must include an explanation of the right to demand a judicial forfeiture determination.

(b) Within 60 days after the date of service of the inventory, which is the date of mailing, the person from whom the property was seized or any person claiming an interest in the property may file a demand for judicial determination of whether the property was lawfully subject to seizure and forfeiture. The demand must be in the form of a civil complaint and must be filed with the court administrator in the county in which the seizure occurred, together with proof of service of a copy of the complaint on the commissioner of revenue or public safety, and the standard filing fee for civil actions unless the petitioner has the right to sue in forma pauperis under section 563.01. If the value of the seized property or vehicle is ~~\$10,000~~ \$15,000 or less, the claimant may file an action in conciliation court for recovery of the property. If the value of the seized property is less than \$500, the claimant does not have to pay the conciliation court filing fee.

(c) The complaint must be captioned in the name of the claimant as plaintiff and the seized property as defendant, and must state with specificity the grounds on which the claimant alleges the property was improperly seized and the plaintiff's interest in the property seized. No responsive pleading is required of the commissioner of revenue or public safety and no court fees may be charged for either commissioner's appearance in the matter. The proceedings are governed by the Rules of Civil Procedure. Notwithstanding any law to the contrary, an action for the return of property seized under this section may not be maintained by or on behalf of any person who has been served with an inventory unless the person has complied with this subdivision. The court shall hear the action without a jury and determine the issues of fact and law involved.

(d) If a judgment of forfeiture is entered, the seizing authority may, unless the judgment is stayed pending an appeal, either:

- (1) cause the forfeited property, other than a vehicle, to be destroyed; or
- (2) cause it to be sold at a public auction as provided by law.

The person making a sale, after deducting the expense of keeping the property, the fee for seizure, and the costs of the sale, shall pay all liens according to their priority, which are established as being bona fide and as existing without the lienor having any notice or knowledge that the property was being used or was intended to be used for or in connection with the violation. The balance of the proceeds must be paid 75 percent to the seizing authority for deposit as a supplement to its operating fund or similar fund for official use, and 25 percent to the county attorney or other prosecuting agency that handled the court proceeding, if there is one, for deposit as a supplement to its operating fund or similar fund for prosecutorial purposes. If there is no prosecuting authority involved in the forfeiture, the 25 percent of the proceeds otherwise designated for the prosecuting authority must be deposited into the general fund.

(e) If no demand is made, the property seized is considered forfeited to the seizing authority by operation of law and may be disposed of by the seizing authority as provided for a judgment of forfeiture.

Sec. 90. Minnesota Statutes 2016, section 299A.706, is amended to read:

**299A.706 ALCOHOL ENFORCEMENT ACCOUNT; APPROPRIATION.**

~~(a)~~ An alcohol enforcement account is created in the special revenue fund, consisting of money credited to the account by law. Money in the account may be appropriated by law for (1) costs of the Alcohol and Gambling Division related to administration and enforcement of sections 340A.403, subdivision 4; 340A.414, subdivision 1a; and 340A.504, subdivision 7; and (2) costs of the State Patrol.

~~(b) The commissioner shall transfer from the account to the trunk highway fund \$3,500,000 in fiscal year 2004 and \$3,700,000 in fiscal year 2005, or so much thereof as is necessary to pay costs of adding State Patrol positions.~~

Sec. 91. Minnesota Statutes 2016, section 326B.988, is amended to read:

**326B.988 EXCEPTIONS.**

(a) The provisions of sections 326B.95 to 326B.998 shall not apply to:

(1) boilers and pressure vessels in buildings occupied solely for residence purposes with accommodations for not more than five families;

(2) railroad locomotives operated by railroad companies for transportation purposes;

(3) air tanks installed on the right-of-way of railroads and used directly in the operation of trains;

(4) boilers and pressure vessels under the direct jurisdiction of the United States;

(5) unfired pressure vessels having an internal or external working pressure not exceeding 15 psig with no limit on size;

(6) pressure vessels used for storage of compressed air not exceeding five cubic feet in volume and equipped with an ASME code stamped safety valve set at a maximum of 100 psig;

(7) pressure vessels having an inside diameter not exceeding six inches;

(8) every vessel that contains water under pressure, including those containing air that serves only as a cushion, whose design pressure does not exceed 300 psig and whose design temperature does not exceed 210 degrees Fahrenheit;

(9) boiler or pressure vessels located on farms used solely for agricultural or horticultural purposes; for purposes of this section, boilers used for mint oil extraction are considered used for agricultural or horticultural purposes, provided that the owner or lessee complies with the inspection requirements contained in section 326B.958;

(10) tanks or cylinders used for storage or transfer of liquefied petroleum gases;

(11) unfired pressure vessels in petroleum refineries;

(12) an air tank or pressure vessel which is an integral part of a passenger motor bus, truck, or trailer;

(13) hot water heating and other hot liquid boilers not exceeding a heat input of 750,000 BTU per hour;

(14) hot water supply boilers (water heaters) not exceeding a heat input of 500,000 BTU per hour, a water temperature of 210 degrees Fahrenheit, a nominal water capacity of 120 gallons, or a pressure of 160 psig;

(15) a laundry and dry cleaning press not exceeding five cubic feet of steam volume;

(16) pressure vessels operated full of water or other liquid not materially more hazardous than water, if the vessel's contents' temperature does not exceed 210 degrees Fahrenheit or a pressure of 200 psig;

(17) steam-powered turbines at papermaking facilities which are powered by steam generated by steam facilities at a remote location;

(18) manually fired boilers for model locomotive, boat, tractor, stationary engine, or antique motor vehicles constructed or maintained only as a hobby for exhibition, educational or historical purposes and not for commercial use, if the boilers have an inside diameter of 12 inches or less, or a grate area of two square feet or less, and are equipped with an ASME stamped safety valve of adequate size, a water level indicator, and a pressure gauge;

(19) any pressure vessel used as an integral part of an electrical circuit breaker;

(20) pressure vessels used for the storage of refrigerant if they are built to ASME code specifications, registered with the national board, and equipped with an ASME code-stamped pressure-relieving device set no higher than the maximum allowable working pressure of the vessel. This does not include pressure vessels used in ammonia refrigeration systems;

(21) pressure vessels used for the storage of oxygen, nitrogen, helium, carbon dioxide, argon, nitrous oxide, or other medical gas, provided the vessel is constructed to ASME or Minnesota Department of Transportation specifications and equipped with an ASME code-stamped pressure-relieving device. The owner of the vessels shall perform annual visual inspections and planned maintenance on these vessels to ensure vessel integrity;

(22) pressure vessels used for the storage of compressed air for self-contained breathing apparatuses;

(23) hot water heating or other hot liquid boilers vented directly to the atmosphere; and

(24) pressure vessels used for the storage of compressed air not exceeding 1.5 cubic feet (11.22 gallons) in volume with a maximum allowable working pressure of 600 psi or less.

(b) An engineer's license is not required for hot water supply boilers.

(c) An engineer's license and annual inspection by the department is not required for boilers, steam cookers, steam kettles, steam sterilizers or other steam generators not exceeding 100,000 BTU per hour input, 25 kilowatt, and a pressure of 15 psig.

(d) Electric boilers not exceeding a maximum working pressure of 50 psig, maximum of 30 kilowatt input or three horsepower rating shall be inspected as pressure vessels and shall not require an engineer license to operate.

~~(e) Sawmills, located in a county with a population of less than 8,000 according to the last federal census and that utilize steam for the drying of lumber, are not required to meet the high pressure boiler attendance requirements set forth in Minnesota Rules, part 5225.1180, only if all of the following conditions are met:~~

~~(1) the owner complies with the inspection requirements under section 326B.958, and the licensing requirements under section 326B.972; and~~

~~(2) the boiler:~~

~~(i) is equipped with electronic control systems that are remotely operated but which require on-site manual reset of system faults;~~

~~(ii) is remotely monitored for log water levels, boiler pressure, and steam flow;~~

~~(iii) has automatic safety mechanisms built into the remote monitoring systems that send an alarm upon detection of a fault condition, and an on-site alarm that will sound upon detection of a fault condition and which may be heard at a distance of 500 feet;~~

~~(iv) has a water treatment program that is supervised by a third party water treatment company; and~~

~~(v) is attended on site by a licensed boiler operator at least two times in a 24-hour period. If the boiler is not attended more than twice in a 24-hour period, the period between checks must not be less than eight hours.~~

~~This paragraph expires the sooner of August 1, 2018, or upon the effective date of a rule regulating high pressure boiler attendance requirements at a sawmill described in this paragraph adopted after the effective date of this act.~~

Sec. 92. Minnesota Statutes 2016, section 327.665, subdivision 2, is amended to read:

Subd. 2. **Required notice; contents of notice.** (a) The notice shall contain, at a minimum, the following information:

(1) the name of the secured party, the debtor, each current assignee of the loan, if any, and the original or maximum principal amount secured by the loan;

(2) the date of the loan;

(3) the amount in arrears on the loan as of the date of the notice;

(4) a description of the manufactured home upon which the loan is secured, conforming substantially to that contained in the loan documents;

(5) the amount of allowable fees incurred by the secured party in order to regain possession of the home prior to the court order.

(b) The notice must also state: "Your manufactured home is currently being repossessed. Contact us immediately at [insert phone number] to discuss possible options for reinstating your loan. We encourage you to seek counseling with the foreclosure prevention counselor in your area. Nearby community agencies will answer your questions, offer free advice, and help you create a plan. You can contact the Minnesota Home Ownership Center at ~~866-462-6646~~ 866-462-6466 or [www.hocmn.org](http://www.hocmn.org) to get the phone number and location of the nearest counseling organization. Call today. Waiting limits your options. If you do not become current on your loan within 30 days, including any additional fees, you will no longer be entitled to reinstate your loan. We are seeking a court order repossessing the home, and by court order you will have to vacate the home."

Sec. 93. Minnesota Statutes 2016, section 336.9-513, is amended to read:

**336.9-513 TERMINATION STATEMENT.**

(a) **Consumer goods.** A secured party shall cause the secured party of record for a financing statement to file a termination statement for the financing statement if the financing statement covers consumer goods and:

(1) there is no obligation secured by the collateral covered by the financing statement and no commitment to make an advance, incur an obligation, or otherwise give value; or

(2) the debtor did not authorize the filing of the initial financing statement.

(b) **Time for compliance with subsection (a).** To comply with subsection (a), a secured party shall cause the secured party of record to file the termination statement:

(1) within one month after there is no obligation secured by the collateral covered by the financing statement and no commitment to make an advance, incur an obligation, or otherwise give value; or

(2) if earlier, within 20 days after the secured party receives an authenticated demand from a debtor.

(c) **Other collateral.** In cases not governed by subsection (a), within 20 days after a secured party receives an authenticated demand from a debtor, the secured party shall cause the secured party of record for a financing statement to send to the debtor a termination statement for the financing statement or file the termination statement in the filing office if:

(1) except in the case of a financing statement covering accounts or chattel paper that has been sold or goods that are the subject of a consignment, there is no obligation secured by the collateral covered by the financing statement and no commitment to make an advance, incur an obligation, or otherwise give value;

(2) the financing statement covers accounts or chattel paper that has been sold but as to which the account debtor or other person obligated has discharged its obligation;

(3) the financing statement covers goods that were the subject of a consignment to the debtor but are not in the debtor's possession; or

(4) the debtor did not authorize the filing of the initial financing statement.

(d) **Effect of filing termination statement.** Except as otherwise provided in section 336.9-510, upon the filing of a termination statement with the filing office, the financing statement to which the termination statement relates ceases to be effective. Except as otherwise provided in section 336.9-510, for purposes of sections 336.9-519(g), 336.9-522(a), and 336.9-523(c), the filing with the filing office of a termination statement relating to a ~~filing~~ financing statement that indicates that the debtor is a transmitting utility also causes the effectiveness of the financing statement to lapse.

Sec. 94. Minnesota Statutes 2017 Supplement, section 341.25, is amended to read:

**341.25 RULES.**

(a) The commissioner may adopt rules that include standards for the physical examination and condition of combatants and referees.

(b) The commissioner may adopt other rules necessary to carry out the purposes of this chapter, including, but not limited to, the conduct of all combative sport contests and their manner, supervision, time, and place.

(c) The commissioner must adopt unified rules for mixed martial arts contests.

(d) The commissioner may adopt the rules of the Association of Boxing Commissions, with amendments.

(e) The Unified Rules of Mixed Martial Arts, as promulgated by the Association of Boxing Commissions and amended August 2, 2016, are incorporated by reference and made a part of this chapter except as qualified by this chapter and Minnesota Rules, chapter ~~2201~~ 2202. In the event of a conflict between this chapter and the Unified Rules, this chapter must govern.

**EFFECTIVE DATE.** This section is effective retroactively from August 1, 2017.

Sec. 95. Minnesota Statutes 2016, section 398.19, is amended to read:

**398.19 PLAN FOR DEVELOPMENT OF PARKS; RECORDING.**

Within 18 months of the activation of a park district, the board for such park district shall develop and approve a written plan for development of parks within the district. Certified copies of such plan shall be recorded by the secretary of the board with the county recorders for the counties having land within the district and with the Department of ~~parks of the state of Minnesota~~ Natural Resources. Such plans shall be revised and brought up to date at least every five years.

Sec. 96. Minnesota Statutes 2016, section 471.16, subdivision 1, is amended to read:

Subdivision 1. **Includes nonprofits; delegation.** Any city, however organized, or any town, county, school district, or any board thereof, ~~or any incorporated post of the American Legion or any other incorporated veterans' organization,~~ may operate such a program independently, or they may cooperate among themselves or with any nonprofit organization in its conduct and in any manner in which they may mutually agree; or they may delegate the operation of the program to a recreation board created by one or more of them, and appropriate money voted for this purpose to such board which may in turn support or cooperate with a nonprofit organization.

Sec. 97. Minnesota Statutes 2017 Supplement, section 477A.011, subdivision 34, is amended to read:

Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater than 10,000, "city revenue need" is 1.15 times the sum of (1) 4.59 times the pre-1940 housing percentage; plus (2) 0.622 times the percent of housing built between 1940 and 1970; plus (3) 169.415 times the jobs per capita; plus (4) the sparsity adjustment; plus (5) 307.664.

(b) For a city with a population equal to or greater than 2,500 and less than 10,000, "city revenue need" is 1.15 times the sum of (1) 572.62; plus (2) 5.026 times the pre-1940 housing percentage; minus (3) 53.768 times household size; plus (4) 14.022 times peak population decline; plus (5) the sparsity adjustment.

(c) For a city with a population less than 2,500, "city revenue need" is the sum of (1) 410; plus (2) 0.367 times the city's population over 100; plus (3) the sparsity adjustment. The city revenue need for a city under this paragraph shall not exceed 630 plus the city's sparsity adjustment.

(d) For a city with a population of at least 2,500 but less than 3,000, the "city revenue need" equals (1) the transition factor times the city's revenue need calculated in paragraph (b); plus (2) 630 times the difference between one and the transition factor. For a city with a population of at least 10,000 but less than 11,000, the "city revenue need" equals (1) the transition factor times the city's revenue need calculated in paragraph (a); plus (2) the city's revenue need calculated under the formula in paragraph (b) times the difference between one and the transition factor. For purposes of the first sentence of this paragraph "transition factor" is 0.2 percent times the amount that the city's population exceeds the minimum threshold. For purposes of the second sentence of this paragraph, "transition factor" is 0.1 percent times the amount that the city's population exceeds the minimum threshold.

(e) The city revenue need cannot be less than zero.

(f) For calendar year 2015 and subsequent years, the city revenue need for a city, as determined in paragraphs (a) to (e), is multiplied by the ratio of the annual implicit price deflator for government consumption expenditures and gross investment for state and local governments as prepared by the United States Department of Commerce, for the most recently available year to the 2013 implicit price deflator for state and local government purchases.

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

Sec. 98. Minnesota Statutes 2017 Supplement, section 477A.013, subdivision 1, is amended to read:

Subdivision 1. **Towns.** (a) In 2014 and thereafter, each town is eligible for a distribution under this subdivision equal to the product of (i) its agricultural property factor, (ii) its town area factor, (iii) its population factor, and (iv) 0.0045. As used in this subdivision, the following terms have the meanings given them:

(1) "agricultural property factor" means the ratio of the adjusted net tax capacity of agricultural property located in a town, to the adjusted net tax capacity of all other property located in the town. The agricultural property factor cannot exceed eight;

(2) "agricultural property" means property classified under section 273.13, as homestead and nonhomestead agricultural property, rural vacant land, and noncommercial seasonal recreational property;

(3) "town area factor" means the most recent estimate of total acreage, not to exceed 50,000 acres, located in the township available as of July 1 in the aid calculation year, estimated or established by:

(i) the United States Bureau of the Census;

(ii) the State Land Management Information Center; or

(iii) the secretary of state; and

(4) "population factor" means the square root of the towns' population.

(b) If the sum of the aids payable to all towns under this subdivision exceeds the limit under section 477A.03, subdivision 2c, the distribution to each town must be reduced proportionately so that the total amount of aids distributed under this ~~section~~ subdivision does not exceed the limit in section 477A.03, subdivision 2c.

(c) Data used in calculating aids to towns under this subdivision, other than acreage, shall be the most recently available data as of January 1 in the year in which the aid is calculated.

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

Sec. 99. Minnesota Statutes 2016, section 477A.013, subdivision 13, is amended to read:

Subd. 13. **Certified aid adjustments.** (a) A city that received an aid base increase under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (e), shall have its total aid under subdivision 9 increased by an amount equal to \$150,000 for aids payable in 2014 through 2018.

(b) A city that received an aid base increase under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (r), shall have its total aid under subdivision 9 increased by an amount equal to \$160,000 for aids payable in 2014 and thereafter.

(c) A city that received a temporary aid increase under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (o), shall have its total aid under subdivision 9 increased by an amount equal to \$1,000,000 for aids payable in 2014 only.

Sec. 100. Minnesota Statutes 2016, section 508A.17, subdivision 1, is amended to read:

Subdivision 1. **Limitation.** As against a title to land registered under a CPT which has been entered and maintained by the registrar under sections 508A.01 to 508A.85, no action affecting the possession or title to the land shall be commenced by any person, partnership, corporation, state, or political subdivision to enforce any right, title, estate, lien, or interest founded upon any instrument, event, or transaction which was executed or occurred before the entry of the first CPT and which is not set out as a separate memorial on the CPT or covered by section 508A.25, clauses (1) to (5) and ~~(7)~~ (8), unless the action is commenced and a notice of lis pendens of it is registered upon the CPT within a period of five years from the date of the first CPT.

Sec. 101. Minnesota Statutes 2016, section 518A.39, subdivision 2, is amended to read:

Subd. 2. **Modification.** (a) The terms of an order respecting maintenance or support may be modified upon a showing of one or more of the following, any of which makes the terms unreasonable and unfair: (1) substantially increased or decreased gross income of an obligor or obligee; (2) substantially increased or decreased need of an obligor or obligee or the child or children that are the subject of these proceedings; (3) receipt of assistance under the AFDC program formerly codified under sections 256.72 to 256.87 or 256B.01 to 256B.40, or chapter 256J or 256K; (4) a change in the cost of living for either party as measured by the Federal Bureau of Labor Statistics; (5) extraordinary medical expenses of the child not provided for under section 518A.41; (6) a change in the availability of appropriate health care coverage or a substantial increase or decrease in health care coverage costs; (7) the addition of work-related or education-related child care expenses of the obligee or a substantial increase or decrease in existing work-related or education-related child care expenses; or (8) upon the emancipation of the child, as provided in subdivision 5.

(b) It is presumed that there has been a substantial change in circumstances under paragraph (a) and the terms of a current support order shall be rebuttably presumed to be unreasonable and unfair if:

(1) the application of the child support guidelines in section 518A.35, to the current circumstances of the parties results in a calculated court order that is at least 20 percent and at least \$75 per month higher or lower than the current support order or, if the current support order is less than \$75, it results in a calculated court order that is at least 20 percent per month higher or lower;

(2) the medical support provisions of the order established under section 518A.41 are not enforceable by the public authority or the obligee;

(3) health coverage ordered under section 518A.41 is not available to the child for whom the order is established by the parent ordered to provide;

(4) the existing support obligation is in the form of a statement of percentage and not a specific dollar amount;

(5) the gross income of an obligor or obligee has decreased by at least 20 percent through no fault or choice of the party; or

(6) a deviation was granted based on the factor in section 518A.43, subdivision 1, clause (4), and the child no longer resides in a foreign country or the factor is otherwise no longer applicable.

(c) A child support order is not presumptively modifiable solely because an obligor or obligee becomes responsible for the support of an additional nonjoint child, which is born after an existing order. Section 518A.33 shall be considered if other grounds are alleged which allow a modification of support.

(d) If child support was established by applying a parenting expense adjustment or presumed equal parenting time calculation under previously existing child support guidelines and there is no parenting plan or order from which overnights or overnight equivalents can be determined, there is a rebuttable presumption that the established adjustment or calculation will continue after modification so long as the modification is not based on a change in parenting time. In determining an obligation under previously existing child support guidelines, it is presumed that the court shall:

(1) if a 12 percent parenting expense adjustment was applied, multiply the obligor's share of the combined basic support obligation calculated under section 518A.34, paragraph (b), clause (5), by 0.88; or

(2) if the parenting time was presumed equal but the parents' parental incomes for determining child support were not equal:

(i) multiply the combined basic support obligation under section 518A.34, paragraph (b), clause (5), by ~~0.075~~ 0.75;

(ii) prorate the amount under item (i) between the parents based on each parent's proportionate share of the combined PICS; and

(iii) subtract the lower amount from the higher amount.

(e) On a motion for modification of maintenance, including a motion for the extension of the duration of a maintenance award, the court shall apply, in addition to all other relevant factors, the factors for an award of maintenance under section 518.552 that exist at the time of the motion. On a motion for modification of support, the court:

(1) shall apply section 518A.35, and shall not consider the financial circumstances of each party's spouse, if any; and

(2) shall not consider compensation received by a party for employment in excess of a 40-hour work week, provided that the party demonstrates, and the court finds, that:

(i) the excess employment began after entry of the existing support order;

(ii) the excess employment is voluntary and not a condition of employment;



(iii) the excess employment is in the nature of additional, part-time employment, or overtime employment compensable by the hour or fractions of an hour;

(iv) the party's compensation structure has not been changed for the purpose of affecting a support or maintenance obligation;

(v) in the case of an obligor, current child support payments are at least equal to the guidelines amount based on income not excluded under this clause; and

(vi) in the case of an obligor who is in arrears in child support payments to the obligee, any net income from excess employment must be used to pay the arrearages until the arrearages are paid in full.

(f) A modification of support or maintenance, including interest that accrued pursuant to section 548.091, may be made retroactive only with respect to any period during which the petitioning party has pending a motion for modification but only from the date of service of notice of the motion on the responding party and on the public authority if public assistance is being furnished or the county attorney is the attorney of record, unless the court adopts an alternative effective date under paragraph (l). The court's adoption of an alternative effective date under paragraph (l) shall not be considered a retroactive modification of maintenance or support.

(g) Except for an award of the right of occupancy of the homestead, provided in section 518.63, all divisions of real and personal property provided by section 518.58 shall be final, and may be revoked or modified only where the court finds the existence of conditions that justify reopening a judgment under the laws of this state, including motions under section 518.145, subdivision 2. The court may impose a lien or charge on the divided property at any time while the property, or subsequently acquired property, is owned by the parties or either of them, for the payment of maintenance or support money, or may sequester the property as is provided by section 518A.71.

(h) The court need not hold an evidentiary hearing on a motion for modification of maintenance or support.

(i) Sections 518.14 and 518A.735 shall govern the award of attorney fees for motions brought under this subdivision.

(j) Except as expressly provided, an enactment, amendment, or repeal of law does not constitute a substantial change in the circumstances for purposes of modifying a child support order.

(k) On the first modification following implementation of amended child support guidelines, the modification of basic support may be limited if the amount of the full variance would create hardship for either the obligor or the obligee. Hardship includes, but is not limited to, eligibility for assistance under chapter 256J.

(l) The court may select an alternative effective date for a maintenance or support order if the parties enter into a binding agreement for an alternative effective date.

Sec. 102. Minnesota Statutes 2016, section 609.11, subdivision 9, is amended to read:

Subd. 9. **Applicable offenses.** The crimes for which mandatory minimum sentences shall be served as provided in this section are: murder in the first, second, or third degree; assault in the first, second, or third degree; burglary; kidnapping; false imprisonment; manslaughter in the first or second degree; aggravated robbery; simple robbery; first-degree or aggravated first-degree witness tampering; criminal sexual conduct under the circumstances described in sections 609.342, subdivision 1, clauses (a) to (f); 609.343, subdivision 1, clauses (a) to (f); and 609.344, subdivision 1, clauses (a) to (e) and (h) to (j); escape from custody; arson in the first, second, or third degree; drive-by shooting under section 609.66, subdivision 1e; stalking under section 609.749, subdivision 3, paragraph (a), clause (3); possession or other unlawful use of a firearm or

ammunition in violation of section 609.165, subdivision 1b, or 624.713, subdivision 1, clause (2), a felony violation of chapter 152; or any attempt to commit any of these offenses.

Sec. 103. Minnesota Statutes 2016, section 609A.02, subdivision 3, is amended to read:

Subd. 3. **Certain criminal proceedings.** (a) A petition may be filed under section 609A.03 to seal all records relating to an arrest, indictment or information, trial, or verdict if the records are not subject to section 299C.11, subdivision 1, paragraph (b), and if:

(1) all pending actions or proceedings were resolved in favor of the petitioner. For purposes of this chapter, a verdict of not guilty by reason of mental illness is not a resolution in favor of the petitioner. For the purposes of this chapter, an action or proceeding is resolved in favor of the petitioner, if the petitioner received an order under section 590.11 determining that the petitioner is eligible for compensation based on exoneration;

(2) the petitioner has successfully completed the terms of a diversion program or stay of adjudication and has not been charged with a new crime for at least one year since completion of the diversion program or stay of adjudication;

(3) the petitioner was convicted of or received a stayed sentence for a petty misdemeanor or misdemeanor and has not been convicted of a new crime for at least two years since discharge of the sentence for the crime;

(4) the petitioner was convicted of or received a stayed sentence for a gross misdemeanor and has not been convicted of a new crime for at least four years since discharge of the sentence for the crime; or

(5) the petitioner was convicted of or received a stayed sentence for a felony violation of an offense listed in paragraph (b), and has not been convicted of a new crime for at least five years since discharge of the sentence for the crime.

(b) Paragraph (a), clause (5), applies to the following offenses:

(1) section 35.824 (altering livestock certificate);

(2) section 62A.41 (insurance regulations);

(3) section 86B.865, subdivision 1 (certification for title on watercraft);

(4) section 152.025 (controlled substance in the fifth degree); or 152.097 (sale of simulated controlled substance);

(5) section 168A.30, subdivision 1 (certificate of title false information); or 169.09, subdivision 14, paragraph (a), clause (2) (accident resulting in great bodily harm);

(6) chapter 201; 203B; or 204C (voting violations);

(7) section 228.45; 228.47; 228.49; 228.50; or 228.51 (false bill of lading);

(8) section 256.984 (false declaration in assistance application);

(9) section 296A.23, subdivision 2 (willful evasion of fuel tax);

(10) section 297D.09, subdivision 1 (failure to affix stamp on scheduled substances);

(11) section 297G.19 (liquor taxation); or 340A.701 (unlawful acts involving liquor);

(12) section 325F.743 (precious metal dealers); or 325F.755, subdivision 7 (prize notices and solicitations);

- (13) section 346.155, subdivision 10 (failure to control regulated animal);
- (14) section 349.2127; or 349.22 (gambling regulations);
- (15) section 588.20 (contempt);
- (16) section 609.27, subdivision 1, clauses (2) to (5) (coercion);
- (17) section 609.31 (leaving state to evade establishment of paternity);
- (18) section 609.485, subdivision 4, paragraph (a), clause (2) or (4) (escape from civil commitment for mental illness);
- (19) section 609.49 (failure to appear in court);
- (20) section 609.52, subdivision 3, clause (3)(a) (theft of \$5,000 or less), or other theft offense that is sentenced under this provision; or 609.52, subdivision 3a, clause (1) (theft of \$1,000 or less with risk of bodily harm);
- (21) section 609.525 (bringing stolen goods into state);
- (22) section 609.526, subdivision 2, clause (2) (metal dealer receiving stolen goods);
- (23) section 609.527, subdivision 5b (possession or use of scanning device or reencoder); 609.528, subdivision 3, clause (3) (possession or sale of stolen or counterfeit check); or 609.529 (mail theft);
- (24) section 609.53 (receiving stolen goods);
- (25) section 609.535, subdivision 2a, paragraph (a), clause (1) (dishonored check over \$500);
- (26) section 609.54, clause (1) (embezzlement of public funds \$2,500 or less);
- (27) section 609.551 (rustling and livestock theft);
- (28) section 609.5641, subdivision 1a, paragraph (a) (wildfire arson);
- (29) section 609.576, subdivision 1, clause (3), item (iii) (negligent fires);
- (30) section 609.595, subdivision 1, clauses ~~(2)~~ (3) to ~~(4)~~ (5), and subdivision 1a, paragraph (a) (criminal damage to property);
- (31) section 609.597, subdivision 3, clause (3) (assaulting or harming police horse);
- (32) section 609.625 (aggravated forgery); 609.63 (forgery); 609.631, subdivision 4, clause (3)(a) (check forgery \$2,500 or less); 609.635 (obtaining signature by false pretense); 609.64 (recording, filing forged instrument); or 609.645 (fraudulent statements);
- (33) section 609.65, clause (1) (false certification by notary); or 609.651, subdivision 4, paragraph (a) (lottery fraud);
- (34) section 609.652 (fraudulent driver's license and identification card);
- (35) section 609.66, subdivision 1a, paragraph (a) (discharge of firearm; silencer); or 609.66, subdivision 1b (furnishing firearm to minor);
- (36) section 609.662, subdivision 2, paragraph (b) (duty to render aid);
- (37) section 609.686, subdivision 2 (tampering with fire alarm);
- (38) section 609.746, subdivision 1, paragraph (e) (interference with privacy; subsequent violation or minor victim);

- (39) section 609.80, subdivision 2 (interference with cable communications system);
- (40) section 609.821, subdivision 2 (financial transaction card fraud);
- (41) section 609.822 (residential mortgage fraud);
- (42) section 609.825, subdivision 2 (bribery of participant or official in contest);
- (43) section 609.855, subdivision 2, paragraph (c), clause (1) (interference with transit operator);
- (44) section 609.88 (computer damage); or 609.89 (computer theft);
- (45) section 609.893, subdivision 2 (telecommunications and information services fraud);
- (46) section 609.894, subdivision 3 or 4 (cellular counterfeiting);
- (47) section 609.895, subdivision 3, paragraph (a) or (b) (counterfeited intellectual property);
- (48) section 609.896 (movie pirating);
- (49) section 624.7132, subdivision 15, paragraph (b) (transfer pistol to minor); 624.714, subdivision 1a (pistol without permit; subsequent violation); or 624.7141, subdivision 2 (transfer of pistol to ineligible person); or
- (50) section 624.7181 (rifle or shotgun in public by minor).

~~(e) Paragraph (a), clause (3) or (4), does not apply if the crime involved domestic abuse or sexual assault, as defined in section 518B.01, subdivision 2, or to violation of an order for protection under section 518B.01, subdivision 14, a harassment restraining order under section 609.748, subdivision 6, a violation of section 609.749, or a violation of section 629.75. This paragraph expires on July 15, 2015.~~

Sec. 104. Laws 2017, chapter 94, article 3, section 11, is amended to read:

**Sec. 11. EFFECTIVE DATE.**

Unless otherwise specified, this article is effective the day following final enactment.

Sec. 105. Laws 2017, chapter 94, article 6, section 27, is amended to read:

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

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

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

(c) Notwithstanding Minnesota Statutes, section ~~116J.748~~ 116J.8748, in fiscal years 2018 and 2019 only, funds appropriated to the commissioner for the job creation fund may be used for other job creation and economic enhancement opportunities in Minnesota at the discretion of the commissioner.

Sec. 106. Laws 2017, First Special Session chapter 5, article 11, section 8, subdivision 1, is amended to read:

Subdivision 1. **Portfolio account.** On July 1, 2019, the commissioner of management and budget shall transfer any balances in the ~~educator~~ education licensure portfolio account in the special revenue fund to the educator licensure account in the special revenue fund.

Sec. 107. Laws 2017, First Special Session chapter 5, article 11, section 10, subdivision 2, is amended to read:

Subd. 2. **Licensure by portfolio.** For licensure by portfolio:

\$ 34,000 ..... 2018

\$ 34,000 ..... 2019

This appropriation is from the ~~educator~~ education licensure portfolio account in the special revenue fund.

Sec. 108. **REVISOR'S INSTRUCTION.**

Subdivision 1. **Terminology.** The revisor shall change the term "Workforce Development Council" to "Workforce Development Board," wherever it appears in Minnesota Statutes.

Subd. 2. **Terminology.** In Minnesota Statutes, section 245C.15, the revisor shall change references to "268.182 (false representation; concealment of facts)" to "268.182 (fraud)."

Subd. 3. **Obsolete cross-reference.** In Minnesota Statutes, section 62Q.145, the revisor shall remove "as defined in section 62Q.095, subdivision 5."

Sec. 109. **REPEALER.**

Subdivision 1. **Conflict resolution.** Laws 2014, chapter 286, article 8, section 19, is repealed.

Subd. 2. **Obsolete subdivision.** Minnesota Statutes 2016, section 124D.8957, subdivision 24, is repealed.

Subd. 3. **Conflict resolution.** Laws 2014, chapter 222, article 2, section 3, is repealed.

Subd. 4. **Conflict resolution.** Laws 2009, chapter 37, article 3, section 4, is repealed.

Subd. 5. **Conflict resolution.** Laws 2013, chapter 84, article 1, section 25, is repealed.

Subd. 6. **Conflict resolution.** Laws 2013, chapter 84, article 1, section 30, is repealed.

Subd. 7. **Conflict resolution.** Laws 2014, chapter 199, section 18, is repealed.

Subd. 8. **Conflict resolution.** Laws 2014, chapter 199, section 19, is repealed.

Subd. 9. **Conflict resolution.** Laws 2014, chapter 199, section 20, is repealed.

Subd. 10. **Conflict resolution.** Laws 2014, chapter 222, article 2, section 8, is repealed.

Subd. 11. **Conflict resolution.** Laws 2014, chapter 222, article 2, section 9, is repealed.

Subd. 12. **Obsolete subdivision.** Minnesota Statutes 2016, section 256.9657, subdivision 1c, is repealed.

Subd. 13. **Obsolete section.** Minnesota Statutes 2016, section 256.9692, is repealed.

Subd. 14. **Obsolete section.** Minnesota Statutes 2016, section 298.402, is repealed.

Subd. 15. **Obsolete subdivision.** Minnesota Statutes 2016, section 290.067, subdivision 2a, is repealed.

Sec. 110. **SUPERSEDING ACTS.**

Any amendments or repeals enacted in the 2018 session of the legislature to sections also amended or repealed in this act supersede the amendments or repeals in this act, regardless of order of enactment.

**ARTICLE 2**

**CHEMICAL DEPENDENCY LICENSED TREATMENT FACILITIES**

Section 1. Minnesota Statutes 2016, section 62N.40, is amended to read:

**62N.40 CHEMICAL DEPENDENCY SERVICES.**

Each community integrated service network regulated under this chapter must ensure that chemically dependent individuals have access to cost-effective treatment options that address the specific needs of individuals. These include, but are not limited to, the need for: treatment that takes into account severity of illness and comorbidities; provision of a continuum of care, including treatment and rehabilitation programs licensed under ~~Minnesota Rules, parts 9530.6405 to 9530.6505~~ chapter 245G; the safety of the individual's domestic and community environment; gender appropriate and culturally appropriate programs; and access to appropriate social services.

Sec. 2. Minnesota Statutes 2016, section 144.651, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For the purposes of this section, "patient" means a person who is admitted to an acute care inpatient facility for a continuous period longer than 24 hours, for the purpose of diagnosis or treatment bearing on the physical or mental health of that person. For purposes of subdivisions 4 to 9, 12, 13, 15, 16, and 18 to 20, "patient" also means a person who receives health care services at an outpatient surgical center or at a birth center licensed under section 144.615. "Patient" also means a minor who is admitted to a residential program as defined in section 253C.01. For purposes of subdivisions 1, 3 to 16, 18, 20 and 30, "patient" also means any person who is receiving mental health treatment on an outpatient basis or in a community support program or other community-based program. "Resident" means a person who is admitted to a nonacute care facility including extended care facilities, nursing homes, and boarding care homes for care required because of prolonged mental or physical illness or disability, recovery from injury or disease, or advancing age. For purposes of all subdivisions except subdivisions 28 and 29, "resident" also means a person who is admitted to a facility licensed as a board and lodging facility under Minnesota Rules, parts 4625.0100 to 4625.2355, or a supervised living facility under Minnesota Rules, parts 4665.0100 to 4665.9900, and which operates a rehabilitation program licensed under chapter 245G or Minnesota Rules, parts ~~9530.6405~~ 9530.6510 to 9530.6590.

Sec. 3. Minnesota Statutes 2016, section 144D.01, subdivision 4, is amended to read:

Subd. 4. **Housing with services establishment or establishment.** (a) "Housing with services establishment" or "establishment" means:

(1) an establishment providing sleeping accommodations to one or more adult residents, at least 80 percent of which are 55 years of age or older, and offering or providing, for a fee, one or more regularly scheduled health-related services or two or more regularly scheduled supportive services, whether offered or provided directly by the establishment or by another entity arranged for by the establishment; or

(2) an establishment that registers under section 144D.025.

(b) Housing with services establishment does not include:

- (1) a nursing home licensed under chapter 144A;
- (2) a hospital, certified boarding care home, or supervised living facility licensed under sections 144.50 to 144.56;
- (3) a board and lodging establishment licensed under chapter 157 and Minnesota Rules, parts 9520.0500 to 9520.0670 ~~or 9530.6405 to 9530.6505~~, or under chapter 245D or 245G;
- (4) a board and lodging establishment which serves as a shelter for battered women or other similar purpose;
- (5) a family adult foster care home licensed by the Department of Human Services;
- (6) private homes in which the residents are related by kinship, law, or affinity with the providers of services;
- (7) residential settings for persons with developmental disabilities in which the services are licensed under chapter 245D;
- (8) a home-sharing arrangement such as when an elderly or disabled person or single-parent family makes lodging in a private residence available to another person in exchange for services or rent, or both;
- (9) a duly organized condominium, cooperative, common interest community, or owners' association of the foregoing where at least 80 percent of the units that comprise the condominium, cooperative, or common interest community are occupied by individuals who are the owners, members, or shareholders of the units;
- (10) services for persons with developmental disabilities that are provided under a license under chapter 245D; or
- (11) a temporary family health care dwelling as defined in sections 394.307 and 462.3593.

Sec. 4. Minnesota Statutes 2016, section 152.01, subdivision 22, is amended to read:

Subd. 22. **Drug treatment facility.** "Drug treatment facility" means any facility in which a residential rehabilitation program licensed under chapter 245G or Minnesota Rules, parts ~~9530.6405~~ 9530.6510 to 9530.6590, is located, and includes any property owned, leased, or controlled by the facility.

Sec. 5. Minnesota Statutes 2016, section 241.021, subdivision 4a, is amended to read:

Subd. 4a. **Chemical dependency treatment programs.** All residential chemical dependency treatment programs operated by the commissioner of corrections to treat adults committed to the commissioner's custody shall comply with the standards mandated in ~~Minnesota Rules, parts 9530.6405 to 9530.6505, or successor rule parts,~~ chapter 245G for treatment programs operated by community-based treatment facilities. When the commissioners of corrections and human services agree that these established standards for community-based programs cannot reasonably apply to correctional facilities, alternative equivalent standards shall be developed by the commissioners and established through an interagency agreement.

Sec. 6. Minnesota Statutes 2016, section 245.735, subdivision 3, is amended to read:

Subd. 3. **Certified community behavioral health clinics.** (a) The commissioner shall establish a state certification process for certified community behavioral health clinics (CCBHCs) to be eligible for the prospective payment system in paragraph (f). Entities that choose to be CCBHCs must:

(1) comply with the CCBHC criteria published by the United States Department of Health and Human Services;

(2) employ or contract for clinic staff who have backgrounds in diverse disciplines, including licensed mental health professionals, and staff who are culturally and linguistically trained to serve the needs of the clinic's patient population;

(3) ensure that clinic services are available and accessible to patients of all ages and genders and that crisis management services are available 24 hours per day;

(4) establish fees for clinic services for nonmedical assistance patients using a sliding fee scale that ensures that services to patients are not denied or limited due to a patient's inability to pay for services;

(5) comply with quality assurance reporting requirements and other reporting requirements, including any required reporting of encounter data, clinical outcomes data, and quality data;

(6) provide crisis mental health services, withdrawal management services, emergency crisis intervention services, and stabilization services; screening, assessment, and diagnosis services, including risk assessments and level of care determinations; patient-centered treatment planning; outpatient mental health and substance use services; targeted case management; psychiatric rehabilitation services; peer support and counselor services and family support services; and intensive community-based mental health services, including mental health services for members of the armed forces and veterans;

(7) provide coordination of care across settings and providers to ensure seamless transitions for patients across the full spectrum of health services, including acute, chronic, and behavioral needs. Care coordination may be accomplished through partnerships or formal contracts with:

(i) counties, health plans, pharmacists, pharmacies, rural health clinics, federally qualified health centers, inpatient psychiatric facilities, substance use and detoxification facilities, or community-based mental health providers; and

(ii) other community services, supports, and providers, including schools, child welfare agencies, juvenile and criminal justice agencies, Indian health services clinics, tribally licensed health care and mental health facilities, urban Indian health clinics, Department of Veterans Affairs medical centers, outpatient clinics, drop-in centers, acute care hospitals, and hospital outpatient clinics;

(8) be certified as mental health clinics under section 245.69, subdivision 2;

(9) be certified to provide integrated treatment for co-occurring mental illness and substance use disorders in adults or children under Minnesota Rules, chapter 9533, effective July 1, 2017;

(10) comply with standards relating to mental health services in Minnesota Rules, parts 9505.0370 to 9505.0372;

(11) be licensed to provide chemical dependency treatment under ~~Minnesota Rules, parts 9530.6405 to 9530.6505~~ chapter 245G;

(12) be certified to provide children's therapeutic services and supports under section 256B.0943;

(13) be certified to provide adult rehabilitative mental health services under section 256B.0623;

(14) be enrolled to provide mental health crisis response services under section 256B.0624;

(15) be enrolled to provide mental health targeted case management under section 256B.0625, subdivision 20;

(16) comply with standards relating to mental health case management in Minnesota Rules, parts 9520.0900 to 9520.0926; and



(17) provide services that comply with the evidence-based practices described in paragraph (e).

(b) If an entity is unable to provide one or more of the services listed in paragraph (a), clauses (6) to (17), the commissioner may certify the entity as a CCBHC, if the entity has a current contract with another entity that has the required authority to provide that service and that meets federal CCBHC criteria as a designated collaborating organization, or, to the extent allowed by the federal CCBHC criteria, the commissioner may approve a referral arrangement. The CCBHC must meet federal requirements regarding the type and scope of services to be provided directly by the CCBHC.

(c) Notwithstanding any other law that requires a county contract or other form of county approval for certain services listed in paragraph (a), clause (6), a clinic that otherwise meets CCBHC requirements may receive the prospective payment under paragraph (f) for those services without a county contract or county approval. There is no county share when medical assistance pays the CCBHC prospective payment. As part of the certification process in paragraph (a), the commissioner shall require a letter of support from the CCBHC's host county confirming that the CCBHC and the county or counties it serves have an ongoing relationship to facilitate access and continuity of care, especially for individuals who are uninsured or who may go on and off medical assistance.

(d) When the standards listed in paragraph (a) or other applicable standards conflict or address similar issues in duplicative or incompatible ways, the commissioner may grant variances to state requirements if the variances do not conflict with federal requirements. If standards overlap, the commissioner may substitute all or a part of a licensure or certification that is substantially the same as another licensure or certification. The commissioner shall consult with stakeholders, as described in subdivision 4, before granting variances under this provision.

(e) The commissioner shall issue a list of required evidence-based practices to be delivered by CCBHCs, and may also provide a list of recommended evidence-based practices. The commissioner may update the list to reflect advances in outcomes research and medical services for persons living with mental illnesses or substance use disorders. The commissioner shall take into consideration the adequacy of evidence to support the efficacy of the practice, the quality of workforce available, and the current availability of the practice in the state. At least 30 days before issuing the initial list and any revisions, the commissioner shall provide stakeholders with an opportunity to comment.

(f) The commissioner shall establish standards and methodologies for a prospective payment system for medical assistance payments for services delivered by certified community behavioral health clinics, in accordance with guidance issued by the Centers for Medicare and Medicaid Services. During the operation of the demonstration project, payments shall comply with federal requirements for an enhanced federal medical assistance percentage. The commissioner may include quality bonus payment in the prospective payment system based on federal criteria and on a clinic's provision of the evidence-based practices in paragraph (e). The prospective payment system does not apply to MinnesotaCare. Implementation of the prospective payment system is effective July 1, 2017, or upon federal approval, whichever is later.

(g) The commissioner shall seek federal approval to continue federal financial participation in payment for CCBHC services after the federal demonstration period ends for clinics that were certified as CCBHCs during the demonstration period and that continue to meet the CCBHC certification standards in paragraph (a). Payment for CCBHC services shall cease effective July 1, 2019, if continued federal financial participation for the payment of CCBHC services cannot be obtained.

(h) The commissioner may certify at least one CCBHC located in an urban area and at least one CCBHC located in a rural area, as defined by federal criteria. To the extent allowed by federal law, the commissioner may limit the number of certified clinics so that the projected claims for certified clinics will not exceed the funds budgeted for this purpose. The commissioner shall give preference to clinics that:

(1) provide a comprehensive range of services and evidence-based practices for all age groups, with services being fully coordinated and integrated; and

(2) enhance the state's ability to meet the federal priorities to be selected as a CCBHC demonstration state.

(i) The commissioner shall recertify CCBHCs at least every three years. The commissioner shall establish a process for decertification and shall require corrective action, medical assistance repayment, or decertification of a CCBHC that no longer meets the requirements in this section or that fails to meet the standards provided by the commissioner in the application and certification process.

Sec. 7. Minnesota Statutes 2016, section 245A.02, subdivision 20, is amended to read:

Subd. 20. **Weekly.** "Weekly" means at least once every calendar week, for the purposes of chemical dependency treatment programs licensed under ~~Minnesota Rules, parts 9530.6405 to 9530.6505~~ chapter 245G.

Sec. 8. Minnesota Statutes 2016, section 245A.02, subdivision 21, is amended to read:

Subd. 21. **Monthly.** "Monthly" means at least once every calendar month, for the purposes of chemical dependency treatment programs licensed under ~~Minnesota Rules, parts 9530.6405 to 9530.6505~~ chapter 245G.

Sec. 9. Minnesota Statutes 2016, section 245A.02, subdivision 22, is amended to read:

Subd. 22. **Quarterly.** "Quarterly" means at least every 90 calendar days, for the purposes of chemical dependency treatment programs licensed under ~~Minnesota Rules, parts 9530.6405 to 9530.6505~~ chapter 245G.

Sec. 10. Minnesota Statutes 2016, section 245A.10, subdivision 4, is amended to read:

Subd. 4. **License or certification fee for certain programs.** (a) Child care centers shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	Child Care Center License Fee
1 to 24 persons	\$200
25 to 49 persons	\$300
50 to 74 persons	\$400
75 to 99 persons	\$500
100 to 124 persons	\$600
125 to 149 persons	\$700
150 to 174 persons	\$800
175 to 199 persons	\$900
200 to 224 persons	\$1,000
225 or more persons	\$1,100

(b)(1) A program licensed to provide one or more of the home and community-based services and supports identified under chapter 245D to persons with disabilities or age 65 and older, shall pay an annual

nonrefundable license fee based on revenues derived from the provision of services that would require licensure under chapter 245D during the calendar year immediately preceding the year in which the license fee is paid, according to the following schedule:

License Holder Annual Revenue	License Fee
less than or equal to \$10,000	\$200
greater than \$10,000 but less than or equal to \$25,000	\$300
greater than \$25,000 but less than or equal to \$50,000	\$400
greater than \$50,000 but less than or equal to \$100,000	\$500
greater than \$100,000 but less than or equal to \$150,000	\$600
greater than \$150,000 but less than or equal to \$200,000	\$800
greater than \$200,000 but less than or equal to \$250,000	\$1,000
greater than \$250,000 but less than or equal to \$300,000	\$1,200
greater than \$300,000 but less than or equal to \$350,000	\$1,400
greater than \$350,000 but less than or equal to \$400,000	\$1,600
greater than \$400,000 but less than or equal to \$450,000	\$1,800
greater than \$450,000 but less than or equal to \$500,000	\$2,000
greater than \$500,000 but less than or equal to \$600,000	\$2,250
greater than \$600,000 but less than or equal to \$700,000	\$2,500
greater than \$700,000 but less than or equal to \$800,000	\$2,750
greater than \$800,000 but less than or equal to \$900,000	\$3,000
greater than \$900,000 but less than or equal to \$1,000,000	\$3,250
greater than \$1,000,000 but less than or equal to \$1,250,000	\$3,500

greater than \$1,250,000 but less than or equal to \$1,500,000	\$3,750
greater than \$1,500,000 but less than or equal to \$1,750,000	\$4,000
greater than \$1,750,000 but less than or equal to \$2,000,000	\$4,250
greater than \$2,000,000 but less than or equal to \$2,500,000	\$4,500
greater than \$2,500,000 but less than or equal to \$3,000,000	\$4,750
greater than \$3,000,000 but less than or equal to \$3,500,000	\$5,000
greater than \$3,500,000 but less than or equal to \$4,000,000	\$5,500
greater than \$4,000,000 but less than or equal to \$4,500,000	\$6,000
greater than \$4,500,000 but less than or equal to \$5,000,000	\$6,500
greater than \$5,000,000 but less than or equal to \$7,500,000	\$7,000
greater than \$7,500,000 but less than or equal to \$10,000,000	\$8,500
greater than \$10,000,000 but less than or equal to \$12,500,000	\$10,000
greater than \$12,500,000 but less than or equal to \$15,000,000	\$14,000
greater than \$15,000,000	\$18,000

(2) If requested, the license holder shall provide the commissioner information to verify the license holder's annual revenues or other information as needed, including copies of documents submitted to the Department of Revenue.

(3) At each annual renewal, a license holder may elect to pay the highest renewal fee, and not provide annual revenue information to the commissioner.

(4) A license holder that knowingly provides the commissioner incorrect revenue amounts for the purpose of paying a lower license fee shall be subject to a civil penalty in the amount of double the fee the provider should have paid.

(5) Notwithstanding clause (1), a license holder providing services under one or more licenses under chapter 245B that are in effect on May 15, 2013, shall pay an annual license fee for calendar years 2014, 2015, and 2016, equal to the total license fees paid by the license holder for all licenses held under chapter 245B for calendar year 2013. For calendar year 2017 and thereafter, the license holder shall pay an annual license fee according to clause (1).

(c) A chemical dependency treatment program licensed under ~~Minnesota Rules, parts 9530.6405 to 9530.6505~~ chapter 245G, to provide chemical dependency treatment shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	\$600
25 to 49 persons	\$800
50 to 74 persons	\$1,000
75 to 99 persons	\$1,200
100 or more persons	\$1,400

(d) A chemical dependency program licensed under Minnesota Rules, parts 9530.6510 to 9530.6590, to provide detoxification services shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	\$760
25 to 49 persons	\$960
50 or more persons	\$1,160

(e) Except for child foster care, a residential facility licensed under Minnesota Rules, chapter 2960, to serve children shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	\$1,000
25 to 49 persons	\$1,100
50 to 74 persons	\$1,200
75 to 99 persons	\$1,300
100 or more persons	\$1,400

(f) A residential facility licensed under Minnesota Rules, parts 9520.0500 to 9520.0670, to serve persons with mental illness shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	\$2,525
25 or more persons	\$2,725

(g) A residential facility licensed under Minnesota Rules, parts 9570.2000 to 9570.3400, to serve persons with physical disabilities shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	\$450
25 to 49 persons	\$650

50 to 74 persons	\$850
75 to 99 persons	\$1,050
100 or more persons	\$1,250

(h) A program licensed to provide independent living assistance for youth under section 245A.22 shall pay an annual nonrefundable license fee of \$1,500.

(i) A private agency licensed to provide foster care and adoption services under Minnesota Rules, parts 9545.0755 to 9545.0845, shall pay an annual nonrefundable license fee of \$875.

(j) A program licensed as an adult day care center licensed under Minnesota Rules, parts 9555.9600 to 9555.9730, shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	\$500
25 to 49 persons	\$700
50 to 74 persons	\$900
75 to 99 persons	\$1,100
100 or more persons	\$1,300

(k) A program licensed to provide treatment services to persons with sexual psychopathic personalities or sexually dangerous persons under Minnesota Rules, parts 9515.3000 to 9515.3110, shall pay an annual nonrefundable license fee of \$20,000.

(l) A mental health center or mental health clinic requesting certification for purposes of insurance and subscriber contract reimbursement under Minnesota Rules, parts 9520.0750 to 9520.0870, shall pay a certification fee of \$1,550 per year. If the mental health center or mental health clinic provides services at a primary location with satellite facilities, the satellite facilities shall be certified with the primary location without an additional charge.

Sec. 11. Minnesota Statutes 2016, section 245A.1443, subdivision 1, is amended to read:

Subdivision 1. **Application.** This section applies to chemical dependency treatment facilities that are licensed under this chapter and Minnesota Rules, chapter 9530, and that provide services in accordance with ~~Minnesota Rules, part 9530.6490~~ section 245G.19.

Sec. 12. Minnesota Statutes 2016, section 245A.1444, is amended to read:

**245A.1444 TRAINING ON RISK OF SUDDEN UNEXPECTED INFANT DEATH AND ABUSIVE HEAD TRAUMA BY OTHER PROGRAMS.**

A licensed chemical dependency treatment program that serves clients with infants or children through five years of age, who sleep at the program and a licensed children's residential facility that serves infants or children through five years of age, must document that before program staff persons or volunteers assist in the care of infants or children through five years of age, they are instructed on the standards in section 245A.1435 and receive training on reducing the risk of sudden unexpected infant death and abusive head trauma from shaking infants and young children. The training conducted under this section may be used to fulfill training requirements under section 245G.19, subdivision 4, clause (2), and Minnesota Rules, parts 2960.0100, subpart 3, and 9530.6490, subpart 4, item B.

This section does not apply to child care centers or family child care programs governed by sections 245A.40 and 245A.50.

Sec. 13. Minnesota Statutes 2016, section 245F.02, subdivision 3, is amended to read:

Subd. 3. **Alcohol and drug counselor.** "Alcohol and drug counselor" means an individual qualified under ~~Minnesota Rules, part 9530.6450, subpart 5~~ section 245G.11, subdivision 5.

Sec. 14. Minnesota Statutes 2016, section 245F.02, subdivision 7, is amended to read:

Subd. 7. **Clinically managed program.** "Clinically managed program" means a residential setting with staff comprised of a medical director and a licensed practical nurse. A licensed practical nurse must be on site 24 hours a day, seven days a week. A qualified medical professional must be available by telephone or in person for consultation 24 hours a day. Patients admitted to this level of service receive medical observation, evaluation, and stabilization services during the detoxification process; access to medications administered by trained, licensed staff to manage withdrawal; and a comprehensive assessment pursuant to ~~Minnesota Rules, part 9530.6422~~ section 245G.05.

Sec. 15. Minnesota Statutes 2016, section 245F.06, subdivision 2, is amended to read:

Subd. 2. **Comprehensive assessment.** (a) Prior to a medically stable discharge, but not later than 72 hours following admission, a license holder must provide a comprehensive assessment according to ~~section~~ sections 245.4863, paragraph (a), and Minnesota Rules, part 9530.6422 245G.05, for each patient who has a positive screening for a substance use disorder. If a patient's medical condition prevents a comprehensive assessment from being completed within 72 hours, the license holder must document why the assessment was not completed. The comprehensive assessment must include documentation of the appropriateness of an involuntary referral through the civil commitment process.

(b) If available to the program, a patient's previous comprehensive assessment may be used in the patient record. If a previously completed comprehensive assessment is used, its contents must be reviewed to ensure the assessment is accurate and current and complies with the requirements of this chapter. The review must be completed by a staff person qualified according to ~~Minnesota Rules, part 9530.6450, subpart 5~~ section 245G.11, subdivision 5. The license holder must document that the review was completed and that the previously completed assessment is accurate and current, or the license holder must complete an updated or new assessment.

Sec. 16. Minnesota Statutes 2016, section 245F.15, subdivision 4, is amended to read:

Subd. 4. **Alcohol and drug counselor qualifications.** An alcohol and drug counselor must meet the requirements in ~~Minnesota Rules, part 9530.6450, subpart 5~~ section 245G.11, subdivision 5.

Sec. 17. Minnesota Statutes 2017 Supplement, section 254B.05, subdivision 1a, is amended to read:

Subd. 1a. **Room and board provider requirements.** (a) Effective January 1, 2000, vendors of room and board are eligible for chemical dependency fund payment if the vendor:

(1) has rules prohibiting residents bringing chemicals into the facility or using chemicals while residing in the facility and provide consequences for infractions of those rules;

(2) is determined to meet applicable health and safety requirements;

(3) is not a jail or prison;

- (4) is not concurrently receiving funds under chapter 256I for the recipient;
  - (5) admits individuals who are 18 years of age or older;
  - (6) is registered as a board and lodging or lodging establishment according to section 157.17;
  - (7) has awake staff on site 24 hours per day;
  - (8) has staff who are at least 18 years of age and meet the requirements of section 245G.11, subdivision 1, paragraph ~~(a)~~ (b);
  - (9) has emergency behavioral procedures that meet the requirements of section 245G.16;
  - (10) meets the requirements of section 245G.08, subdivision 5, if administering medications to clients;
  - (11) meets the abuse prevention requirements of section 245A.65, including a policy on fraternization and the mandatory reporting requirements of section 626.557;
  - (12) documents coordination with the treatment provider to ensure compliance with section 254B.03, subdivision 2;
  - (13) protects client funds and ensures freedom from exploitation by meeting the provisions of section 245A.04, subdivision 13;
  - (14) has a grievance procedure that meets the requirements of section 245G.15, subdivision 2; and
  - (15) has sleeping and bathroom facilities for men and women separated by a door that is locked, has an alarm, or is supervised by awake staff.
- (b) Programs licensed according to Minnesota Rules, chapter 2960, are exempt from paragraph (a), clauses (5) to (15).

Sec. 18. Minnesota Statutes 2017 Supplement, section 254B.05, subdivision 5, is amended to read:

Subd. 5. **Rate requirements.** (a) The commissioner shall establish rates for substance use disorder services and service enhancements funded under this chapter.

(b) Eligible substance use disorder treatment services include:

- (1) outpatient treatment services that are licensed according to sections 245G.01 to 245G.17, or applicable tribal license;
- (2) on July 1, 2018, or upon federal approval, whichever is later, comprehensive assessments provided according to sections 245.4863, paragraph (a), and 245G.05, and Minnesota Rules, part 9530.6422;
- (3) on July 1, 2018, or upon federal approval, whichever is later, care coordination services provided according to section 245G.07, subdivision 1, paragraph (a), clause (6);
- (4) on July 1, 2018, or upon federal approval, whichever is later, peer recovery support services provided according to section 245G.07, subdivision 1, paragraph (a), clause (5);
- (5) on July 1, 2019, or upon federal approval, whichever is later, withdrawal management services provided according to chapter 245F;
- (6) medication-assisted therapy services that are licensed according to ~~section 245G.07, subdivision 1,~~ sections 245G.01 to 245G.17 and 245G.22, or applicable tribal license;
- (7) medication-assisted therapy plus enhanced treatment services that meet the requirements of clause (6) and provide nine hours of clinical services each week;



(8) high, medium, and low intensity residential treatment services that are licensed according to sections 245G.01 to 245G.17 and 245G.21 or applicable tribal license which provide, respectively, 30, 15, and five hours of clinical services each week;

(9) hospital-based treatment services that are licensed according to sections 245G.01 to 245G.17 or applicable tribal license and licensed as a hospital under sections 144.50 to 144.56;

(10) adolescent treatment programs that are licensed as outpatient treatment programs according to sections 245G.01 to 245G.18 or as residential treatment programs according to Minnesota Rules, parts 2960.0010 to 2960.0220, and 2960.0430 to 2960.0490, or applicable tribal license;

(11) high-intensity residential treatment services that are licensed according to sections 245G.01 to 245G.17 and 245G.21 or applicable tribal license, which provide 30 hours of clinical services each week provided by a state-operated vendor or to clients who have been civilly committed to the commissioner, present the most complex and difficult care needs, and are a potential threat to the community; and

(12) room and board facilities that meet the requirements of subdivision 1a.

(c) The commissioner shall establish higher rates for programs that meet the requirements of paragraph (b) and one of the following additional requirements:

(1) programs that serve parents with their children if the program:

(i) provides on-site child care during the hours of treatment activity that:

(A) is licensed under chapter 245A as a child care center under Minnesota Rules, chapter 9503; or

(B) meets the licensure exclusion criteria of section 245A.03, subdivision 2, paragraph (a), clause (6), and meets the requirements under section 245G.19, subdivision 4; or

(ii) arranges for off-site child care during hours of treatment activity at a facility that is licensed under chapter 245A as:

(A) a child care center under Minnesota Rules, chapter 9503; or

(B) a family child care home under Minnesota Rules, chapter 9502;

(2) culturally specific programs as defined in section 254B.01, subdivision 4a, or programs or subprograms serving special populations, if the program or subprogram meets the following requirements:

(i) is designed to address the unique needs of individuals who share a common language, racial, ethnic, or social background;

(ii) is governed with significant input from individuals of that specific background; and

(iii) employs individuals to provide individual or group therapy, at least 50 percent of whom are of that specific background, except when the common social background of the individuals served is a traumatic brain injury or cognitive disability and the program employs treatment staff who have the necessary professional training, as approved by the commissioner, to serve clients with the specific disabilities that the program is designed to serve;

(3) programs that offer medical services delivered by appropriately credentialed health care staff in an amount equal to two hours per client per week if the medical needs of the client and the nature and provision of any medical services provided are documented in the client file; and

(4) programs that offer services to individuals with co-occurring mental health and chemical dependency problems if:

(i) the program meets the co-occurring requirements in section 245G.20;

(ii) 25 percent of the counseling staff are licensed mental health professionals, as defined in section 245.462, subdivision 18, clauses (1) to (6), or are students or licensing candidates under the supervision of a licensed alcohol and drug counselor supervisor and licensed mental health professional, except that no more than 50 percent of the mental health staff may be students or licensing candidates with time documented to be directly related to provisions of co-occurring services;

(iii) clients scoring positive on a standardized mental health screen receive a mental health diagnostic assessment within ten days of admission;

(iv) the program has standards for multidisciplinary case review that include a monthly review for each client that, at a minimum, includes a licensed mental health professional and licensed alcohol and drug counselor, and their involvement in the review is documented;

(v) family education is offered that addresses mental health and substance abuse disorders and the interaction between the two; and

(vi) co-occurring counseling staff shall receive eight hours of co-occurring disorder training annually.

(d) In order to be eligible for a higher rate under paragraph (c), clause (1), a program that provides arrangements for off-site child care must maintain current documentation at the chemical dependency facility of the child care provider's current licensure to provide child care services. Programs that provide child care according to paragraph (c), clause (1), must be deemed in compliance with the licensing requirements in section 245G.19.

(e) Adolescent residential programs that meet the requirements of Minnesota Rules, parts 2960.0430 to 2960.0490 and 2960.0580 to 2960.0690, are exempt from the requirements in paragraph (c), clause (4), items (i) to (iv).

(f) Subject to federal approval, chemical dependency services that are otherwise covered as direct face-to-face services may be provided via two-way interactive video. The use of two-way interactive video must be medically appropriate to the condition and needs of the person being served. Reimbursement shall be at the same rates and under the same conditions that would otherwise apply to direct face-to-face services. The interactive video equipment and connection must comply with Medicare standards in effect at the time the service is provided.

Sec. 19. Minnesota Statutes 2016, section 256B.0622, subdivision 7a, is amended to read:

Subd. 7a. **Assertive community treatment team staff requirements and roles.** (a) The required treatment staff qualifications and roles for an ACT team are:

(1) the team leader:

(i) shall be a licensed mental health professional who is qualified under Minnesota Rules, part 9505.0371, subpart 5, item A. Individuals who are not licensed but who are eligible for licensure and are otherwise qualified may also fulfill this role but must obtain full licensure within 24 months of assuming the role of team leader;

(ii) must be an active member of the ACT team and provide some direct services to clients;

(iii) must be a single full-time staff member, dedicated to the ACT team, who is responsible for overseeing the administrative operations of the team, providing clinical oversight of services in conjunction with the psychiatrist or psychiatric care provider, and supervising team members to ensure delivery of best and ethical practices; and

(iv) must be available to provide overall clinical oversight to the ACT team after regular business hours and on weekends and holidays. The team leader may delegate this duty to another qualified member of the ACT team;

(2) the psychiatric care provider:

(i) must be a licensed psychiatrist certified by the American Board of Psychiatry and Neurology or eligible for board certification or certified by the American Osteopathic Board of Neurology and Psychiatry or eligible for board certification, or a psychiatric nurse who is qualified under Minnesota Rules, part 9505.0371, subpart 5, item A. The psychiatric care provider must have demonstrated clinical experience working with individuals with serious and persistent mental illness;

(ii) shall collaborate with the team leader in sharing overall clinical responsibility for screening and admitting clients; monitoring clients' treatment and team member service delivery; educating staff on psychiatric and nonpsychiatric medications, their side effects, and health-related conditions; actively collaborating with nurses; and helping provide clinical supervision to the team;

(iii) shall fulfill the following functions for assertive community treatment clients: provide assessment and treatment of clients' symptoms and response to medications, including side effects; provide brief therapy to clients; provide diagnostic and medication education to clients, with medication decisions based on shared decision making; monitor clients' nonpsychiatric medical conditions and nonpsychiatric medications; and conduct home and community visits;

(iv) shall serve as the point of contact for psychiatric treatment if a client is hospitalized for mental health treatment and shall communicate directly with the client's inpatient psychiatric care providers to ensure continuity of care;

(v) shall have a minimum full-time equivalency that is prorated at a rate of 16 hours per 50 clients. Part-time psychiatric care providers shall have designated hours to work on the team, with sufficient blocks of time on consistent days to carry out the provider's clinical, supervisory, and administrative responsibilities. No more than two psychiatric care providers may share this role;

(vi) may not provide specific roles and responsibilities by telemedicine unless approved by the commissioner; and

(vii) shall provide psychiatric backup to the program after regular business hours and on weekends and holidays. The psychiatric care provider may delegate this duty to another qualified psychiatric provider;

(3) the nursing staff:

(i) shall consist of one to three registered nurses or advanced practice registered nurses, of whom at least one has a minimum of one-year experience working with adults with serious mental illness and a working knowledge of psychiatric medications. No more than two individuals can share a full-time equivalent position;

(ii) are responsible for managing medication, administering and documenting medication treatment, and managing a secure medication room; and

(iii) shall develop strategies, in collaboration with clients, to maximize taking medications as prescribed; screen and monitor clients' mental and physical health conditions and medication side effects; engage in health promotion, prevention, and education activities; communicate and coordinate services with other medical providers; facilitate the development of the individual treatment plan for clients assigned; and educate the ACT team in monitoring psychiatric and physical health symptoms and medication side effects;

(4) the co-occurring disorder specialist:

(i) shall be a full-time equivalent co-occurring disorder specialist who has received specific training on co-occurring disorders that is consistent with national evidence-based practices. The training must include practical knowledge of common substances and how they affect mental illnesses, the ability to assess substance use disorders and the client's stage of treatment, motivational interviewing, and skills necessary to provide counseling to clients at all different stages of change and treatment. The co-occurring disorder specialist may also be an individual who is a licensed alcohol and drug counselor as described in section

148F.01, subdivision 5, or a counselor who otherwise meets the training, experience, and other requirements in ~~Minnesota Rules, part 9530.6450, subpart 5~~ section 245G.11, subdivision 5. No more than two co-occurring disorder specialists may occupy this role; and

(ii) shall provide or facilitate the provision of co-occurring disorder treatment to clients. The co-occurring disorder specialist shall serve as a consultant and educator to fellow ACT team members on co-occurring disorders;

(5) the vocational specialist:

(i) shall be a full-time vocational specialist who has at least one-year experience providing employment services or advanced education that involved field training in vocational services to individuals with mental illness. An individual who does not meet these qualifications may also serve as the vocational specialist upon completing a training plan approved by the commissioner;

(ii) shall provide or facilitate the provision of vocational services to clients. The vocational specialist serves as a consultant and educator to fellow ACT team members on these services; and

(iii) should not refer individuals to receive any type of vocational services or linkage by providers outside of the ACT team;

(6) the mental health certified peer specialist:

(i) shall be a full-time equivalent mental health certified peer specialist as defined in section 256B.0615. No more than two individuals can share this position. The mental health certified peer specialist is a fully integrated team member who provides highly individualized services in the community and promotes the self-determination and shared decision-making abilities of clients. This requirement may be waived due to workforce shortages upon approval of the commissioner;

(ii) must provide coaching, mentoring, and consultation to the clients to promote recovery, self-advocacy, and self-direction, promote wellness management strategies, and assist clients in developing advance directives; and

(iii) must model recovery values, attitudes, beliefs, and personal action to encourage wellness and resilience, provide consultation to team members, promote a culture where the clients' points of view and preferences are recognized, understood, respected, and integrated into treatment, and serve in a manner equivalent to other team members;

(7) the program administrative assistant shall be a full-time office-based program administrative assistant position assigned to solely work with the ACT team, providing a range of supports to the team, clients, and families; and

(8) additional staff:

(i) shall be based on team size. Additional treatment team staff may include licensed mental health professionals as defined in Minnesota Rules, part 9505.0371, subpart 5, item A; mental health practitioners as defined in Minnesota Rules, part 9505.0370, subpart 17; or mental health rehabilitation workers as defined in section 256B.0623, subdivision 5, clause (4). These individuals shall have the knowledge, skills, and abilities required by the population served to carry out rehabilitation and support functions; and

(ii) shall be selected based on specific program needs or the population served.

(b) Each ACT team must clearly document schedules for all ACT team members.

(c) Each ACT team member must serve as a primary team member for clients assigned by the team leader and are responsible for facilitating the individual treatment plan process for those clients. The primary team member for a client is the responsible team member knowledgeable about the client's life and circumstances and writes the individual treatment plan. The primary team member provides individual

supportive therapy or counseling, and provides primary support and education to the client's family and support system.

(d) Members of the ACT team must have strong clinical skills, professional qualifications, experience, and competency to provide a full breadth of rehabilitation services. Each staff member shall be proficient in their respective discipline and be able to work collaboratively as a member of a multidisciplinary team to deliver the majority of the treatment, rehabilitation, and support services clients require to fully benefit from receiving assertive community treatment.

(e) Each ACT team member must fulfill training requirements established by the commissioner.

Sec. 20. Minnesota Statutes 2017 Supplement, section 256B.25, subdivision 3, is amended to read:

Subd. 3. **Payment exceptions.** The limitation in subdivision 2 shall not apply to:

(1) payment of Minnesota supplemental assistance funds to recipients who reside in facilities which are involved in litigation contesting their designation as an institution for treatment of mental disease;

(2) payment or grants to a boarding care home or supervised living facility licensed by the Department of Human Services under Minnesota Rules, parts 2960.0130 to 2960.0220 or 2960.0580 to 2960.0700, 9520.0500 to 9520.0670, or ~~9530.6405 to 9530.6505~~ chapter 245G, or payment to recipients who reside in these facilities;

(3) payments or grants to a boarding care home or supervised living facility which are ineligible for certification under United States Code, title 42, sections 1396-1396p;

(4) payments or grants otherwise specifically authorized by statute or rule.

Sec. 21. Minnesota Statutes 2016, section 256I.03, subdivision 14, is amended to read:

Subd. 14. **Qualified professional.** "Qualified professional" means an individual as defined in section 256J.08, subdivision 73a, or ~~Minnesota Rules, part 9530.6450, subpart 3, 4, or 5~~ 245G.11, subdivision 3, 4, or 5; or an individual approved by the director of human services or a designee of the director.

### ARTICLE 3

#### DATA PRACTICES

Section 1. Minnesota Statutes 2016, section 13.46, subdivision 10, is amended to read:

Subd. 10. **Responsible authority.** (a) Notwithstanding any other provision of this chapter to the contrary, the responsible authority for each component of the welfare system listed in subdivision 1, clause (c), shall be as follows:

(1) the responsible authority for the Department of Human Services, state hospitals, and nursing homes is the commissioner of the Department of Human Services;

(2) the responsible authority of a county welfare agency is the director of the county welfare agency;

(3) the responsible authority for a local social services agency, human services board, or community mental health center board is the chair of the board;

(4) the responsible authority of any person, agency, institution, organization, or other entity under contract to any of the components of the welfare system listed in subdivision 1, clause (c), is the person specified in the contract; ~~and~~

(5) the responsible authority of the public authority for child support enforcement is the head of the public authority for child support enforcement; and

(6) the responsible authority for county veteran services is the county veterans service officer pursuant to section 197.603, subdivision 2.

(b) A responsible authority shall allow another responsible authority in the welfare system access to data classified as not public data when access is necessary for the administration and management of programs, or as authorized or required by statute or federal law.

Sec. 2. Minnesota Statutes 2016, section 13.6905, is amended by adding a subdivision to read:

Subd. 34. **Motor vehicle registration audit trail data.** Access to data related to motor vehicle registration audit trails is governed by section 168.33, subdivision 2.

Sec. 3. Minnesota Statutes 2016, section 13.6905, is amended by adding a subdivision to read:

Subd. 35. **Driver and vehicle services audit trail data.** Access to data related to certain driver and vehicle services information system audit trails is governed by section 171.12, subdivision 1a.

Sec. 4. Minnesota Statutes 2016, section 13.712, is amended by adding a subdivision to read:

Subd. 6. **Claims for abandoned property.** Access to data related to a person's claim for an interest in certain unclaimed property is governed by section 345.49.

Sec. 5. Minnesota Statutes 2016, section 13.7191, is amended by adding a subdivision to read:

Subd. 25. **Minnesota premium security plan data.** Access to Minnesota Comprehensive Health Association data related to the Minnesota premium security plan is governed by section 62E.23, subdivision 6.

Sec. 6. Minnesota Statutes 2016, section 13.851, is amended by adding a subdivision to read:

Subd. 11. **Conditional release data.** Access to conditional release data is governed by section 241.065.

Sec. 7. Minnesota Statutes 2016, section 13.871, subdivision 13, is amended to read:

Subd. 13. **Orders for protection, harassment restraining orders, and no contact orders.** Data contained in orders for protection, harassment restraining orders, and no contact orders are classified in section 299C.46, subdivision 6.

Presented to the governor May 18, 2018

Signed by the governor May 20, 2018, 3:29 p.m.