CHAPTER 201--S.F.No. 3656

An act relating to state government; appropriating money and modifying provisions for agriculture, housing, state government, public safety, corrections, courts, transportation, environment, natural resources, energy, jobs, economic development, higher education, prekindergarten through grade 12 education, health, and human services; establishing and modifying state regulations and programs; creating accounts; providing for disposition of certain receipts; making clarifying and technical changes; making forecast adjustments; requiring rulemaking; requiring reports; providing criminal penalties; creating work groups, task forces, and advisory groups; modifying fees; amending Minnesota Statutes 2016, sections 3.3005, subdivision 8; 3.855, by adding a subdivision; 10A.01, subdivision 35; 13.072, subdivision 1; 13.461, by adding a subdivision; 13.64, by adding a subdivision; 13.6905, subdivision 3; 13.72, subdivision 10; 13.851, by adding a subdivision; 16A.013, by adding a subdivision; 16A.103, subdivisions 1, 1b, by adding a subdivision; 16A.11, subdivision 1, by adding a subdivision; 16A.99, subdivisions 2, 4; 16E.03, subdivision 7; 17.117, subdivisions 1, 4, 11; 17.494; 17.4982, by adding subdivisions; 18C.425, subdivision 6; 18C.80, subdivision 2; 21.89, subdivision 2; 28A.16; 41A.15, subdivision 10, by adding a subdivision; 41A.16, subdivisions 1, 2; 41A.17, subdivision 1; 41A.18, subdivision 1; 41B.056, subdivision 2; 62A.30, by adding a subdivision; 62V.05, subdivisions 5, 10; 80E.13; 84.0895, subdivision 2; 84.775, subdivision 1; 84.86, subdivision 1; 84.928, subdivision 2; 88.10, by adding a subdivision; 88.75, subdivision 1; 89.551; 97A.051, subdivision 2; 97A.433, subdivisions 4, 5; 97B.015, subdivision 6; 97B.081, subdivision 3; 97B.1055; 97C.345, subdivision 3a; 103B.3369, subdivisions 5, 9; 103B.801, subdivisions 2, 5; 103E.021, subdivision 6; 103E.071; 103E.351, subdivision 1; 103F.361, subdivision 2; 103F.363, subdivision 1; 103F.365, by adding a subdivision; 103F.371; 103F.373, subdivisions 1, 3, 4; 103G.2242, subdivision 14; 103I.205, subdivision 9; 103I.301, subdivision 6; 114D.15, subdivisions 7, 11, 13, by adding subdivisions; 114D.20, subdivisions 2, 3, 5, 7, by adding subdivisions; 114D.26; 114D.35, subdivisions 1, 3; 115.03, subdivision 5, by adding a subdivision; 115.035; 115A.51; 115A.94, subdivisions 2, 4a, 4b, 4c, 4d, 5, by adding subdivisions; 116.155, subdivision 1, by adding subdivisions; 116.993, subdivisions 2, 6; 119B.011, subdivision 19, by adding a subdivision; 119B.02, subdivision 7; 119B.03, subdivision 9; 119B.06, by adding a subdivision; 120A.20, subdivision 2; 120A.22, subdivisions 7, 12; 120B.024, subdivision 1; 120B.11, subdivisions 1, 1a, 2, 5, 9; 120B.12, as amended; 120B.299, subdivision 10; 120B.36, subdivision 2; 121A.22, subdivision 1, by adding a subdivision; 121A.39; 121A.41, by adding a subdivision; 121A.45; 121A.46, subdivisions 2, 3, by adding subdivisions; 121A.47, subdivisions 2, 14; 121A.55; 121A.61; 121A.67, by adding a subdivision; 122A.42; 122A.71, subdivision 2; 123B.14, subdivision 7; 123B.41, subdivision 5; 123B.42, subdivision 3; 123B.52, subdivision 6; 123B.595, as amended; 123B.61; 124D.09, subdivision 4; 124D.111; 124D.151, subdivision 2; 124D.78, subdivision 2; 124D.98; 124E.20, subdivision 1; 125B.07, subdivision 6; 125B.26, subdivision 4; 126C.10, subdivisions 2e, 24; 126C.15, subdivision 5, by adding a subdivision; 126C.17, subdivisions 1, 2, 5, 6, 7, 7a; 126C.44; 127A.45, subdivisions 11, 16; 127A.70, subdivision 2; 128C.03; 128C.20; 129D.17, by adding a subdivision; 134.355, subdivision 10; 135A.15, subdivisions 2, 6; 136A.15, subdivision 8; 136A.16, subdivisions 1, 2, 5, 8, 9; 136A.162; 136A.1701, subdivision 7; 136A.1702; 136A.1791, subdivision 8; 136A.1795, subdivision 2; 136A.64, subdivision 1; 136A.822, subdivision 10; 136A.901, subdivision 1; 137.0245, subdivisions 1, 2, 4, 5; 144.121, subdivision 1a, by adding a subdivision; 144.1506, subdivision 2; 144.225, subdivisions 2, 2a, 7; 144.6501, subdivision 3, by adding a subdivision; 144.651, subdivisions 1, 2, 4, 6, 14, 16, 17, 20, 21, by adding subdivisions; 144.652, by adding a subdivision; 144A.10, subdivision 1; 144A.26; 144A.43, subdivisions 11, 27, 30, by adding a subdivision; 144A.44, subdivision 1; 144A.441; 144A.442; 144A.45, subdivisions 1, 2; 144A.472, subdivision 5; 144A.473; 144A.474, subdivisions 2, 8, 9; 144A.475, subdivisions 1, 2, 5; 144A.476, subdivision 1; 144A.479, subdivision 7, by adding a subdivision; 144A.4791, subdivisions 1, 3, 6, 7, 8, 9, 10; 144A.4792, subdivisions 1, 2, 5, 10; 144A.4793, subdivision 6; 144A.4797, subdivision 3; 144A.4798; 144A.4799,

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subdivision 1; 144A.484, subdivision 1; 144A.53, subdivisions 1, 4, by adding subdivisions; 144D.01, subdivision 1; 144D.02; 144D.04, by adding a subdivision; 144D.09; 144G.01, subdivision 1; 145.56, subdivision 2; 146B.03, by adding a subdivision; 147.012; 147.02, by adding a subdivision; 147A.06; 147A.07; 147B.02, subdivision 9, by adding a subdivision; 147C.15, subdivision 7, by adding a subdivision; 147D.17, subdivision 6, by adding a subdivision; 147D.27, by adding a subdivision; 147E.15, subdivision 5, by adding a subdivision; 147E.40, subdivision 1; 147F.07, subdivision 5, by adding subdivisions; 147F.17, subdivision 1; 148.59; 148.7815, subdivision 1; 148E.180; 149A.40, subdivision 11; 149A.95, subdivision 3; 150A.06, subdivision 1a, by adding subdivisions; 150A.091, by adding subdivisions; 151.15, by adding subdivisions; 151.19, subdivision 1; 151.214, subdivision 2; 151.46; 151.71, by adding a subdivision; 152.11, subdivision 2, by adding a subdivision; 152.126, subdivisions 2, 6, 10; 155A.25, subdivision 1a; 155A.28, by adding a subdivision; 160.263, subdivision 2; 160.295, subdivision 5; 161.115, subdivision 111; 161.14, by adding subdivisions; 161.32, subdivision 2; 168.013, subdivision 6; 168.10, subdivision 1h; 168.101, subdivision 2a; 168.127, subdivisions 4, 6; 168.27, by adding subdivisions; 168.301, subdivision 3; 168.326; 168.33, subdivision 8a, by adding a subdivision; 168.345, subdivision 2; 168.346, subdivision 1; 168A.02, subdivision 1; 168A.12, subdivision 2; 168A.151, subdivision 1; 168A.17, by adding a subdivision; 168A.29, subdivision 1; 169.011, subdivisions 5, 9, 60; 169.14, subdivision 5; 169.18, subdivisions 3, 10, 11, 12; 169.20, by adding a subdivision; 169.222, subdivisions 1, 4; 169.26, subdivision 1; 169.28; 169.29; 169.442, by adding a subdivision; 169.448, subdivision 1; 169.4503, subdivisions 5, 13, by adding a subdivision; 169.475, subdivision 2; 169.55, subdivision 1; 169.57, subdivision 3; 169.64, subdivision 3, by adding a subdivision; 169.81, subdivision 5, by adding a subdivision; 169.8261, subdivision 2; 169.829, by adding a subdivision; 169.87, subdivision 6; 169.92, subdivision 4; 169A.24, subdivision 1; 169A.55, subdivision 4; 171.041; 171.07, subdivision 1a; 171.16, subdivisions 2, 3; 171.18, subdivision 1; 171.24; 174.12, subdivision 8; 174.66; 175A.05; 176.011, subdivision 15; 176.101, subdivisions 2, 2a, 4; 176.102, subdivision 11; 176.136, subdivision 1b; 176.231, subdivision 9; 176.83, subdivision 5; 180.03, subdivisions 2, 3, 4; 180.10; 201.022, by adding subdivisions; 205A.07, subdivision 2; 214.075, subdivisions 1, 4, 5, 6; 214.077; 214.10, subdivision 8; 214.12, by adding a subdivision; 216B.16, by adding subdivisions; 216B.1641; 216B.2422, subdivision 1, by adding a subdivision; 216D.04, by adding a subdivision; 216G.01, subdivision 3; 221.031, subdivision 2d, by adding a subdivision; 221.0314, subdivision 9; 221.036, subdivisions 1, 3; 221.122, subdivision 1; 221.161, subdivision 1, by adding a subdivision; 221.171, subdivision 1; 240.01, by adding a subdivision; 240.02, subdivision 6; 240.08, subdivision 5; 240.131, subdivision 7; 240.22; 242.192; 243.166, subdivisions 1b, 2, 4, 4b, 4c, 5, 6, 7, 7a; 245.4889, by adding a subdivision; 245A.04, subdivision 7, by adding a subdivision; 245A.175; 245C.02, by adding a subdivision; 245C.12; 245C.22, subdivision 4; 245D.071, subdivision 5; 245D.091, subdivisions 2, 3, 4; 254A.035, subdivision 2; 254B.02, subdivision 1; 254B.06, subdivision 1; 256.01, subdivision 14b; 256B.04, subdivisions 14, 21; 256B.0625, subdivisions 13, 13e, 13f, by adding subdivisions; 256B.0659, subdivisions 3a, 11, 21, 24, 28, by adding a subdivision; 256B.0915, subdivision 6; 256B.092, subdivisions 1b, 1g; 256B.4914, subdivision 4; 256B.5012, by adding a subdivision; 256I.04, by adding subdivisions; 256K.45, subdivision 2; 256R.53, subdivision 2; 257.57, subdivisions 1, 2, by adding a subdivision; 257.75, subdivision 4; 260.012; 260.835, subdivision 2; 268.035, subdivisions 4, 12; 268.044, subdivisions 2, 3; 268.047, subdivision 3; 268.051, subdivisions 2a, 3; 268.053, subdivision 1; 268.057, subdivision 5; 268.059; 268.066; 268.067; 268.069, subdivision 1; 268.085, subdivisions 3, 3a; 268.095, subdivision 6a; 268.105, subdivision 6; 268.145, subdivision 1; 270C.13, subdivision 1; 298.28, subdivision 9a; 299A.01, by adding a subdivision; 299A.705; 299A.707, by adding a subdivision; 299C.093; 299C.17; 299D.085, by adding a subdivision; 299F.30, subdivisions 1, 2; 325F.71; 326B.106, subdivision 9; 326B.815, subdivision 1; 327.31, by adding a subdivision; 327B.041; 327C.095, subdivisions 4, 6, 12, 13, by adding a subdivision; 349A.06, subdivision 11; 357.021, subdivision 2b; 360.013, by adding a subdivision; 360.017, subdivision 1; 360.021, subdivision 1; 360.024; 360.062; 360.063, subdivisions 1, 3; 360.064, subdivision 1; 360.065, subdivision 1; 360.066, subdivision 1; 360.067, by adding a subdivision; 360.071, subdivision 2; 360.305, subdivision 6; 394.22, by adding a subdivision; 394.23; 394.231; 394.25, subdivision 3; 462.352, by adding a subdivision; 462.355, subdivision 1; 462.357, subdivision 9, by adding a

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subdivision; 462A.33, subdivisions 1, 2; 462A.37, subdivisions 1, 2; 465.73; 471.59, subdivision 1; 473.13, by adding subdivisions; 473.386, subdivision 3, by adding a subdivision; 473.4051, subdivision 3; 473.606, subdivision 5; 474A.02, by adding subdivisions; 474A.03, subdivision 1; 474A.04, subdivision 1a; 474A.047, subdivisions 1, 2; 474A.061; 474A.062; 474A.091; 474A.131; 474A.14; 474A.21; 475.58, subdivision 4; 507.18, subdivision 2, by adding subdivisions; 518.145, subdivision 2; 518A.32, subdivision 3; 518A.685; 574.26, subdivision 1a; 590.11, subdivisions 1, 2, 5, 7; 609.015, subdivision 1; 609.095; 609.2231, subdivision 8; 609.341, subdivision 10; 609.342, subdivision 1; 609.343, subdivision 1; 609.344, subdivision 1; 609.345, subdivision 1; 609.3451, subdivision 1; 609.746, subdivision 1; 611.365, subdivisions 2, 3; 611.367; 611.368; 617.246, subdivisions 2, 3, 4, 7; 617.247, subdivisions 3, 4, 9; 626.556, subdivision 10; 626.557, subdivisions 3, 4, 9a, 9b, 9c, 12b, 14, 17; 626.8452, by adding a subdivision; 626A.08, subdivision 2; 626A.37, subdivision 4; 631.40, subdivision 1a; 641.15, subdivision 3a; Minnesota Statutes 2017 Supplement, sections 3.8853, subdivisions 1, 2, by adding subdivisions; 3.972, subdivision 4; 3.98, subdivision 1; 6.481, subdivision 3; 13.69, subdivision 1; 15A.083, subdivision 7; 16A.152, subdivision 2; 18C.70, subdivision 5; 18C.71, subdivision 4; 84.01, subdivision 6; 84.91, subdivision 1; 84.925, subdivision 1; 84.9256, subdivision 1; 84D.03, subdivisions 3, 4; 84D.108, subdivisions 2b, 2c; 85.0146, subdivision 1; 86B.331, subdivision 1; 97A.075, subdivision 1; 103G.2242, subdivision 1; 103I.005, subdivisions 2, 8a, 17a; 103I.205, subdivisions 1, 4; 103I.208, subdivision 1; 103I.235, subdivision 3; 103I.601, subdivision 4; 116.0714; 116C.779, subdivision 1; 116C.7792; 119B.011, subdivision 20; 119B.025, subdivision 1; 119B.06, subdivision 1; 119B.09, subdivision 1; 119B.095, subdivision 2, by adding a subdivision; 119B.13, subdivision 1; 120B.021, subdivision 1; 120B.122, subdivision 1; 120B.125; 120B.30, subdivision 1; 120B.35, subdivision 3; 120B.36, subdivision 1; 121A.335, subdivisions 3, 5; 122A.07, by adding a subdivision; 122A.09, subdivision 2, by adding a subdivision; 122A.18, subdivision 8; 122A.187, subdivision 3, by adding a subdivision; 122A.20, subdivisions 1, 2; 122A.40, subdivision 13; 122A.41, subdivision 6; 123B.03, subdivisions 1, 2; 123B.41, subdivision 2; 123B.52, subdivision 7; 124D.09, subdivision 3; 124D.151, subdivisions 5, 6; 124D.165, subdivisions 2, 3, 4; 124D.549; 124D.68, subdivision 2; 124D.99, subdivisions 3, 5; 136A.1275, subdivisions 2, 3; 136A.1789, subdivision 2; 136A.246, subdivision 4; 136A.646; 136A.672, by adding a subdivision; 136A.822, subdivision 6; 136A.8295, by adding a subdivision; 144A.472, subdivision 7; 144A.474, subdivision 11; 144A.4796, subdivision 2; 144A.4799, subdivision 3; 144D.04, subdivision 2; 147.01, subdivision 7; 147A.28; 147B.08; 147C.40; 152.105, subdivision 2; 155A.30, subdivision 12; 160.02, subdivision 1a; 168.013, subdivision 1a; 169.18, subdivision 7; 169.442, subdivision 5; 169.64, subdivision 8; 169.829, subdivision 4; 171.06, subdivision 2; 171.30, subdivisions 1, 2a; 171.306, subdivisions 1, 2; 171.3215, subdivisions 2, 3; 175.46, subdivision 13; 216B.1691, subdivision 2f; 216B.241, subdivision 1d; 216B.62, subdivision 3b; 216C.417, subdivision 2; 245.4889, subdivision 1; 245A.03, subdivision 7; 245A.06, subdivision 8; 245A.11, subdivision 2a; 245A.50, subdivision 7; 245C.22, subdivision 5; 245D.03, subdivision 1; 245G.05, subdivision 1; 254A.03, subdivision 3; 254B.03, subdivision 2; 254B.12, subdivision 3; 256.045, subdivision 3; 256.969, subdivision 9; 256B.0625, subdivisions 3b, 56a; 256B.0911, subdivisions 1a, 3a, 3f, 5; 256B.0915, subdivision 3a; 256B.0921; 256B.0941, subdivision 3; 256B.49, subdivision 13; 256B.4914, subdivisions 2, 3, 5, 6, 7, 8, 9, 10, 10a; 256I.03, subdivision 8; 256I.04, subdivision 2b; 256I.05, subdivision 3; 268.035, subdivisions 15, 20; 268.046, subdivision 1; 268.07, subdivision 1; 268.085, subdivision 13a; 268.095, subdivision 6; 268.18, subdivisions 2b, 5; 298.2215; 298.227; 364.09; 462A.2035, subdivisions 1, 1b; 473.4051, subdivision 2; 473.4485, subdivision 2; 475.59, subdivision 1; 609A.03, subdivision 7a; 626.556, subdivisions 2, 3, 10e; Laws 2007, chapter 45, article 1, section 4; Laws 2010, chapter 361, article 4, section 78; Laws 2014, chapter 312, article 2, section 14, as amended; article 11, section 38, subdivisions 5, 6; article 27, section 76; Laws 2016, chapter 189, article 3, sections 3, subdivision 5; 4; 48; article 25, sections 61; 62, subdivision 15; Laws 2017, chapter 88, article 1, section 2, subdivisions 2, 4, 5; Laws 2017, chapter 89, article 1, section 2, subdivisions 18, 20, 29, 31, 32, 33, 34, 40; Laws 2017, chapter 93, article 1, sections 3, subdivision 6; 4; article 2, sections 155, subdivision 5; 163; Laws 2017, chapter 94, article 1, sections 2, subdivisions 2, as amended, 3; 4, subdivision 5; 6; 7, subdivision 7; 9; article 10, sections 28; 29; Laws 2017, First Special Session chapter 1, article 4, section 31; Laws 2017, First Special Session chapter 3, article 1,

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sections 2, subdivision 2; 4, subdivisions 1, 2, 4; Laws 2017, First Special Session chapter 4, article 2, sections 1; 3; 9; 58; Laws 2017, First Special Session chapter 5, article 1, section 19, subdivisions 2, 3, 4, 5, 6, 7, 9; article 2, sections 56; 57, subdivisions 2, 3, 4, 5, 6, 12, 14, 21, 23, 26, 34; article 3, sections 3; 4; 5; 6; 7; 8; 9; 10; 11; 12; 13; 14; 15; 16; 36; article 4, sections 11; 12, subdivisions 2, as amended, 3, 4, 5; article 5, section 14, subdivisions 2, 3, 4; article 6, section 3, subdivisions 2, 3, 4; article 7, section 2, subdivision 5; article 8, section 10, subdivisions 3, 5a, 6, 12; article 9, section 2, subdivisions 2, 7; article 10, section 6, subdivision 2; article 11, sections 9, subdivision 2; 10; 12; 13; Laws 2017, First Special Session chapter 6, article 3, section 49; article 8, sections 71; 72; 74; article 10, section 144; article 12, section 2, subdivision 4; article 18, sections 3, subdivisions 2, 3; 16, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 3; 5; 11A; 16E; 17; 62J; 62Q; 97A; 103B; 115; 115B; 116C; 120B; 121A; 122A; 136A; 137; 144; 144D; 144G; 147A; 147B; 147C; 147D; 147E; 147F; 151; 168A; 174; 176; 219; 245A; 245C; 256; 256B; 256K; 260C; 299A; 299C; 327; 360; 383A; repealing Minnesota Statutes 2016, sections 16A.97; 16A.98; 120B.299, subdivisions 7, 8, 9, 11; 123A.26, subdivision 3; 125A.75, subdivision 9; 126C.16, subdivisions 1, 3; 126C.17, subdivision 9a; 128C.02, subdivision 6; 136A.15, subdivisions 2, 7; 136A.1701, subdivision 12; 144A.45, subdivision 6; 144A.479, subdivision 2; 144A.481; 151.55; 155A.28, subdivisions 1, 3, 4; 168.013, subdivision 21; 169A.33, subdivision 1; 214.075, subdivision 8; 216B.2423; 221.161, subdivisions 2, 3, 4; 256B.0705; 268.053, subdivisions 4, 5; 360.063, subdivision 4; 360.065, subdivision 2; 360.066, subdivisions 1a, 1b; 401.13; 471.9996, subdivision 2; 609.349; Minnesota Statutes 2017 Supplement, sections 3.98, subdivision 4; 122A.09, subdivision 1; 146B.02, subdivision 7a; 169A.07; 256B.0625, subdivision 31c; Laws 2016, chapter 189, article 25, section 62, subdivision 16; Laws 2017, First Special Session chapter 4, article 2, section 59; Minnesota Rules, parts 5600.0605, subparts 5, 8; 8700.7620; 8710.0300, subparts 1, 1a, 2, 2a, 2b, 3, 5, 6, 7, 8, 9, 10, 11; 8710.1000; 8710.1050; 8710.1250; 8710.1400; 8710.1410; 8710.2100, subparts 1, 2; 9530.6800; 9530.6810.

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

ARTICLE 1

STATE GOVERNMENT APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2017, First Special Session chapter 4, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2018" and "2019" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively.

	APPROPRIATIONS Available for the Year Ending June 30	
	2018	2019
Sec. 2. **LEGISLATURE**	$	$ 90,000

$90,000 is from the general fund to the Legislative Coordinating Commission for rent payments for the Office of the Revisor of Statutes. This is a onetime appropriation.

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Sec. 3. **STATE AUDITOR** **$** **.....** **$** **(269,094)**

This is a general reduction to office operations. The auditor may not reduce operations or services related to public pensions. This is a onetime reduction.

Sec. 4. **SECRETARY OF STATE** **$** **.....** **$** **1,534,000**

(a) $1,534,000 is appropriated in fiscal year 2019 from the account established in Minnesota Statutes, section 5.30, pursuant to the Help America Vote Act, to the secretary of state for the purposes of modernizing, securing, and updating the statewide voter registration system and for cyber security upgrades as authorized by federal law. This is a onetime appropriation and is available until June 30, 2022.

(b) $110,000 expended by the secretary of state in fiscal year 2018 for increasing secure access to the statewide voter registration system was money appropriated for carrying out the purposes authorized under the Omnibus Appropriations Act of 2018, Public Law 115-1410, and the Help America Vote Act of 2002, Public Law 107-252, section 101, and is deemed to be credited towards any match required by those laws.

Sec. 5. **MINNESOTA MANAGEMENT AND BUDGET** **$** **129,094** **$** **140,000**

(a) $140,000 in fiscal year 2019 is from the general fund for grants to reimburse the documented litigation costs incurred by counties in defending the constitutionality of Minnesota Statutes, section 6.481, as enacted in Laws 2015, chapter 77, article 2, section 3, in *Otto v. Wright County, et. al.* (A16-1634). The grants must be apportioned as follows:

(1) up to $70,000 is for a grant to Wright County; and

(2) up to $70,000 is for a grant to Becker County.

This is a onetime appropriation. The commissioner must provide each grant upon certification of the final litigation costs incurred by the affected county, provided that the total grant must not exceed the amounts specified in this paragraph.

(b) Notwithstanding any provision of law to the contrary, $129,094 in fiscal year 2018 is from the general fund for a payment to the city of Austin, for both its 2016 fire state aid payment under Minnesota Statutes, section 69.021, subdivision 7, and its 2016

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supplemental state aid payment under Minnesota Statutes, section 423A.022, upon certification by the city that the sum of the fire state aid and the supplemental state aid that the city transmitted to the Austin Parttime Firefighters Relief Association in calendar year 2015 to fund the volunteers firefighters' service pensions met or exceeded the amount required under the bylaws of that association. Of these amounts:

(1) $103,892 is for the fire state aid; and

(2) $25,202 is for the supplemental state aid.

This is a onetime appropriation. The payment required by this paragraph must be provided no later than June 30, 2018.

Sec. 6. **EFFECTIVE DATE.**

This article is effective the day following final enactment.

ARTICLE 2

STATE GOVERNMENT OPERATIONS

Section 1. Minnesota Statutes 2016, section 3.855, is amended by adding a subdivision to read:

Subd. 5. **Information required.** The commissioner of management and budget must submit to the Legislative Coordinating Commission the following information with the submission of a collective bargaining agreement or compensation plan under subdivisions 2 and 3:

(1) for each agency and for each proposed agreement, a comparison of biennial compensation costs under the current agreement or plan to the projected biennial compensation costs under the proposed agreement or plan, paid with funds appropriated from the general fund;

(2) for each agency and for each proposed agreement and plan, a comparison of biennial compensation costs under the current agreement or plan to the projected compensation costs under the proposed agreement or plan, paid with funds appropriated from each fund other than the general fund;

(3) for each agency and for each proposed agreement and plan, an identification of the amount of the additional biennial compensation costs that are attributable to salary and wages and to the cost of nonsalary and nonwage benefits; and

(4) for each agency, for each of clauses (1) to (3), the impact of the aggregate of all agreements and plans being submitted to the commission.

Sec. 2. **[5.42] DISPLAY OF BUSINESS ADDRESS ON WEB SITE.**

(a) A business entity may request in writing that all addresses submitted by the business entity to the secretary of state be omitted from display on the secretary of state's Web site. A business entity may only request that all addresses be omitted from display if the entity certifies that:

(1) there is only one shareholder, member, manager, or owner of the business entity;

(2) the shareholder, manager, member, or owner is a natural person; and

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(3) at least one of the addresses provided is the residential address of the sole shareholder, manager, member, or owner.

The secretary of state shall post a notice that this option is available and a link to the form needed to make a request on the secretary's Web site. The secretary of state shall also attach a copy of the request form to all business filing forms provided in a paper format that require a business entity to submit an address.

(b) This section does not change the classification of data under chapter 13 and addresses shall be made available to the public in response to requests made by telephone, mail, electronic mail, and facsimile transmission.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to business entity filings filed with the secretary of state on or after that date.

Sec. 3. Minnesota Statutes 2017 Supplement, section 6.481, subdivision 3, is amended to read:

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

(b) When the state auditor requires additional information from the CPA firm or makes additional examinations that the state auditor determines to be in the public interest, the state auditor must afford counties and CPA firms an opportunity to respond to potential findings, conclusions, or questions, as follows:

(1) at least 30 days before beginning a review for work performed by a certified public accountant firm licensed in chapter 326A, the state auditor must notify the county and CPA firm that the state auditor will be conducting a review and must identify the type and scope of review the state auditor will perform;

(2) throughout the state auditor's review, the auditor shall allow the county and the CPA firm at least 30 days to respond to any request by the auditor for documents or other information;

(3) the state auditor must provide the CPA firm with a draft report of the state auditor's findings at least 30 days before issuing a final report;

(4) at least 20 days before issuing a final report, the state auditor must hold a formal exit conference with the CPA firm to discuss the findings in the state auditor's draft report;

(5) the state auditor shall make changes to the draft report that are warranted as a result of information provided by the CPA firm during the state auditor's review; and

(6) the state auditor's final report must include any written responses provided by the CPA firm.

Sec. 4. Minnesota Statutes 2016, section 13.072, subdivision 1, is amended to read:

Subdivision 1. **Opinion; when required.** (a) Upon request of a government entity or a member of the legislature, the commissioner ~~may~~ must give a written opinion on any question relating to ~~public~~ the requirements of this chapter, including questions about access to government data by a member of the public or another government entity, the rights of subjects of data, or the classification of data under this chapter or other Minnesota statutes governing government data practices. Upon request of any person who disagrees with a determination regarding data practices made by a government entity, the commissioner ~~may~~ must give a written opinion regarding the person's rights as a subject of government data or right to have access to government data.

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(b) Upon request of a body subject to chapter 13D or a member of the legislature, the commissioner ~~may~~ must give a written opinion on any question relating to the ~~body's duties under~~ requirements of chapter 13D. Upon request of a person who disagrees with the manner in which members of a governing body perform their duties under chapter 13D, the commissioner ~~may~~ must give a written opinion on compliance with chapter 13D. A governing body or person requesting an opinion under this paragraph must pay the commissioner a fee of $200. Money received by the commissioner under this paragraph is appropriated to the commissioner for the purposes of this section.

~~(c) If the commissioner determines that no opinion will be issued, the commissioner shall give the government entity or body subject to chapter 13D or person requesting the opinion notice of the decision not to issue the opinion within five business days of receipt of the request. If this notice is not given, the commissioner shall issue an opinion within 20 days of receipt of the request.~~

~~(d)~~ (c) The commissioner shall issue an opinion under this subdivision within 20 days of receipt of the request. For good cause and upon written notice to the person requesting the opinion, the commissioner may extend this deadline for one additional 30-day period. The notice must state the reason for extending the deadline. The government entity or the members of a body subject to this chapter or chapter 13D must be provided a reasonable opportunity to explain the reasons for its decision regarding the data or how they perform their duties ~~under chapter 13D~~. The commissioner or the government entity or body subject to chapter 13D may choose to give notice to the subject of the data concerning the dispute regarding the data or compliance with this chapter or chapter 13D.

~~(e)~~ (d) This section does not apply to a determination made by the commissioner of health under section 13.3805, subdivision 1, paragraph (b), or 144.6581.

~~(f)~~ (e) A written, numbered, and published opinion issued by the attorney general shall take precedence over an opinion issued by the commissioner under this section.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to requests for opinions submitted on or after that date.

Sec. 5. Minnesota Statutes 2016, section 16A.013, is amended by adding a subdivision to read:

Subd. 1a. **Opportunity to make gifts via Web site.** The commissioner of management and budget must maintain a secure Web site which permits any person to make a gift of money electronically for any purpose authorized by subdivision 1. Gifts made using the Web site are subject to all other requirements of this section, sections 16A.014 to 16A.016, and any other applicable law governing the receipt of gifts by the state and the purposes for which a gift may be used. The Web site must include historical data on the total amount of gifts received using the site, itemized by month.

Sec. 6. Minnesota Statutes 2017 Supplement, section 16A.152, subdivision 2, is amended to read:

Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general fund revenues and expenditures, the commissioner of management and budget determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of management and budget must allocate money to the following accounts and purposes in priority order:

(1) the cash flow account established in subdivision 1 until that account reaches $350,000,000;

(2) the budget reserve account established in subdivision 1a until that account reaches $1,596,522,000;

(3) the amount necessary to increase the aid payment schedule for school district aids and credits payments in section 127A.45 to not more than 90 percent rounded to the nearest tenth of a percent without exceeding the amount available and with any remaining funds deposited in the budget reserve; and

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(4) the amount necessary to restore all or a portion of the net aid reductions under section 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75, subdivision 5, by the same amount~~; and~~.

~~(5) the clean water fund established in section 114D.50 until $22,000,000 has been transferred into the fund.~~

(b) The amounts necessary to meet the requirements of this section are appropriated from the general fund within two weeks after the forecast is released or, in the case of transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations schedules otherwise established in statute.

(c) The commissioner of management and budget shall certify the total dollar amount of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education. The commissioner of education shall increase the aid payment percentage and reduce the property tax shift percentage by these amounts and apply those reductions to the current fiscal year and thereafter.

~~(d) Paragraph (a), clause (5), expires after the entire amount of the transfer has been made.~~

Sec. 7. **[16E.031] STATE AND LOCAL GOVERNMENT USER ACCEPTANCE TESTING.**

(a) Any state agency implementing a new information technology business software application or new business software application functionality that significantly impacts the operations of local units of government must provide opportunities for local government representative involvement in user acceptance testing, unless the testing is deemed not feasible or necessary by the relevant agency commissioner, in consultation with representatives of local units of government and the chief information officer.

(b) The requirements in paragraph (a) only apply to new software applications and new software application functionality where local units of government will be primary users, as determined by the relevant agency head in consultation with representatives of local units of government and the chief information officer. The requirements in paragraph (a) do not apply to routine software upgrades or application changes that are primarily intended to comply with federal law, rules, or regulations.

(c) School districts are not local units of government for the purposes of this section.

EFFECTIVE DATE. This section is effective July 1, 2018, and applies to business software application projects initiated on or after that date.

Sec. 8. Minnesota Statutes 2016, section 155A.25, subdivision 1a, is amended to read:

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

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

(1) $195 initial practitioner, manager, or instructor license, divided as follows:

(i) $155 for each initial license; and

(ii) $40 for each initial license application fee;

(2) $115 renewal of practitioner license, divided as follows:

(i) $100 for each renewal license; and

(ii) $15 for each renewal application fee;

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

(i) $130 for each renewal license; and

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(ii) $15 for each renewal application fee;

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

(i) $250 for each initial license; and

(ii) $100 for each initial license application fee;

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

(i) $175 for each renewal; and

(ii) $50 for each renewal application fee;

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

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

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

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

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

(ii) $500 for each renewal application fee.

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

(1) reinspection fee, $150;

(2) manager and owner with expired practitioner found on inspection, $150 each;

(3) expired practitioner or instructor found on inspection, $200;

(4) expired salon found on inspection, $500;

(5) expired school found on inspection, $1,000;

(6) failure to display current license, $100;

(7) failure to dispose of single-use equipment, implements, or materials as provided under section 155A.355, subdivision 1, $500;

(8) use of prohibited razor-type callus shavers, rasps, or graters under section 155A.355, subdivision 2, $500;

(9) performing nail or cosmetology services in esthetician salon, or performing esthetician or cosmetology services in a nail salon, $500;

(10) owner and manager allowing an operator to work as an independent contractor, $200;

(11) operator working as an independent contractor, $100;

(12) refusal or failure to cooperate with an inspection, $500;

(13) practitioner late renewal fee, $45; and

(14) salon or school late renewal fee, $50.

(d) Administrative fees are as follows:

(1) homebound service permit, $50 three-year fee;

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(2) name change, $20;

(3) certification of licensure, $30 each;

(4) duplicate license, $20;

(5) special event permit, $75 per year;

~~(6) registration of hair braiders, $20 per year;~~

~~(7)~~ (6) $100 for each temporary military license for a cosmetologist, nail technician, esthetician, or advanced practice esthetician one-year fee;

~~(8)~~ (7) expedited initial individual license, $150;

~~(9)~~ (8) expedited initial salon license, $300;

~~(10)~~ (9) instructor continuing education provider approval, $150 each year; and

~~(11)~~ (10) practitioner continuing education provider approval, $150 each year.

Sec. 9. Minnesota Statutes 2016, section 155A.28, is amended by adding a subdivision to read:

Subd. 5. **Hair braiders exempt.** The practice of hair braiding is exempt from the requirements of this chapter.

Sec. 10. Minnesota Statutes 2016, section 201.022, is amended by adding a subdivision to read:

Subd. 4. **Voter records updated due to voting report.** No later than eight weeks after the election, the county auditor must use the statewide voter registration system to produce a report that identifies each voter whose record indicates that it was updated due to voting. The county auditor must investigate each record that is challenged for a reason related to eligibility to determine if the voter appears to have been ineligible to vote. If the county auditor determines that a voter appears to have been ineligible to vote and either registered to vote or voted in the previous election, the county auditor must notify the law enforcement agency or the county attorney as provided in section 201.275.

Sec. 11. Minnesota Statutes 2016, section 201.022, is amended by adding a subdivision to read:

Subd. 5. **Inactive voter report.** By November 6, 2018, the secretary of state must develop a report within the statewide voter registration system that provides information on inactive voters who registered on election day and were possibly ineligible. For elections on or after November 6, 2018, no later than eight weeks after the election, the county auditor must use the statewide voter registration system to produce the report. The county auditor must investigate each record to determine if the voter appears to have been ineligible to vote. If the county auditor determines that a voter appears to have been ineligible to vote and registered to vote in the previous election, the county auditor must notify the law enforcement agency or the county attorney as provided in section 201.275.

Sec. 12. Minnesota Statutes 2016, section 240.01, is amended by adding a subdivision to read:

Subd. 18a. **Racing or gaming-related vendor.** "Racing or gaming-related vendor" means any person or entity that manufactures, sells, provides, distributes, repairs, or maintains equipment or supplies used at a Class A facility or provides services to a Class A facility or Class B license holder that are directly related to the running of a horse race, simulcasting, pari-mutuel betting, or card playing.

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Sec. 13. Minnesota Statutes 2016, section 240.02, subdivision 6, is amended to read:

Subd. 6. **Annual report.** The commission shall on February 15 of each odd-numbered year submit a report to the governor and legislature on its activities, organizational structure, receipts and disbursements, and recommendations for changes in the laws relating to racing and pari-mutuel betting.

Sec. 14. Minnesota Statutes 2016, section 240.08, subdivision 5, is amended to read:

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

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

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

(b) ~~A license revocation or suspension~~ If the commission revokes or suspends a license for more than ~~90~~ 180 days ~~is~~, in lieu of appealing to the commission under paragraph (a), the license holder has the right to request a contested case hearing under ~~sections 14.57 to 14.69 of the Administrative Procedure Act and is in addition to criminal penalties imposed for a violation of law or rule.~~ chapter 14. The request must be made in writing to the commission by certified mail or personal service. A request sent by certified mail must be postmarked within ten days after the license holder receives the revocation or suspension order from the commission. A request sent by personal service must be received by the commission within ten days after the license holder receives the revocation or suspension order from the commission. The commission may summarily suspend a license for ~~more than~~ up to 90 days ~~prior to a contested case hearing~~ where it is necessary to ensure the integrity of racing or to protect the public health, welfare, or safety. The license holder may appeal a summary suspension by making a written request to the commission within five calendar days after the license holder receives notice of the summary suspension. A ~~contested case~~ hearing must be held within ~~30~~ ten days of the commission's receipt of the request for appeal of a summary suspension ~~and the administrative law judge's report must be issued within 30 days from the close of the hearing record. In all cases involving summary suspension the commission must issue its final decision within 30 days from receipt of the report of the administrative law judge and subsequent exceptions and argument under section 14.61.~~ to determine whether the license should remain suspended pending a final disciplinary action.

Sec. 15. Minnesota Statutes 2016, section 240.131, subdivision 7, is amended to read:

Subd. 7. **Payments to state.** (a) A regulatory fee is imposed at the rate of one percent of all amounts wagered by Minnesota residents with an authorized advance deposit wagering provider. The fee shall be declared on a form prescribed by the commission. The ADW provider must pay the fee to the commission no more than ~~seven~~ 15 days after the end of the month in which the wager was made. Fees collected under this paragraph must be deposited in the state treasury and credited to a racing and card-playing regulation account in the special revenue fund and are appropriated to the commission to offset the costs associated with regulating horse racing and pari-mutuel wagering in Minnesota.

(b) A breeders fund fee is imposed in the amount of one-quarter of one percent of all amounts wagered by Minnesota residents with an authorized advance deposit wagering provider. The fee shall be declared on a form prescribed by the commission. The ADW provider must pay the fee to the commission no more than ~~seven~~ 15 days after the end of the month in which the wager was made. Fees collected under this paragraph must be deposited in the state treasury and credited to a racing and card-playing regulation account in the special revenue fund and are appropriated to the commission to offset the cost of administering the breeders fund and promote horse breeding in Minnesota.

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Sec. 16. Minnesota Statutes 2016, section 240.22, is amended to read:

240.22 FINES.

(a) The commission shall by rule establish a schedule of civil fines for violations of laws related to horse racing or of the commission's rules. The schedule must be based on and reflect the culpability, frequency and severity of the violator's actions. The commission may impose a fine from this schedule on a licensee for a violation of those rules or laws relating to horse racing. The fine is in addition to any criminal penalty imposed for the same violation. Fines imposed by the commission must be paid to the commission and except as provided in paragraph (c), forwarded to the commissioner of management and budget for deposit in the state treasury and credited to a racing and card-playing regulation account in the special revenue fund and appropriated to the commission to distribute in the form of grants, contracts, or expenditures to support racehorse adoption, retirement, and repurposing.

(b) If the commission issues a fine in excess of $5,000, the license holder has the right to request a contested case hearing under chapter 14, to be held as set forth in Minnesota Rules, chapter 1400. The appeal of a fine must be made in writing to the commission by certified mail or personal service. An appeal sent by certified mail must be postmarked within ten days after the license holder receives the fine order from the commission. An appeal sent by personal service must be received by the commission within ten days after the license holder receives the fine order from the commission.

(c) If the commission is the prevailing party in a contested case proceeding, the commission may recover, from amounts to be forwarded under paragraph (a), reasonable attorney fees and costs associated with the contested case.

Sec. 17. Minnesota Statutes 2016, section 270C.13, subdivision 1, is amended to read:

Subdivision 1. **Biennial report.** The commissioner shall report to the legislature by March 1 of each odd-numbered year on the overall incidence of the income tax, sales and excise taxes, and property tax. The report shall present information on the distribution of the tax burden as follows: (1) for the overall income distribution, using a systemwide incidence measure such as the Suits index or other appropriate measures of equality and inequality; (2) by income classes, including at a minimum deciles of the income distribution; and (3) by other appropriate taxpayer characteristics. The report must also include information on the distribution of the burden of federal taxes borne by Minnesota residents.

Sec. 18. Minnesota Statutes 2016, section 349A.06, subdivision 11, is amended to read:

Subd. 11. **Cancellation, suspension, and refusal to renew contracts or locations.** (a) The director shall cancel the contract of any lottery retailer or prohibit a lottery retailer from selling lottery tickets at a business location who:

(1) has been convicted of a felony or gross misdemeanor;

(2) has committed fraud, misrepresentation, or deceit;

(3) has provided false or misleading information to the lottery; or

(4) has acted in a manner prejudicial to public confidence in the integrity of the lottery.

(b) The director may cancel, suspend, or refuse to renew the contract of any lottery retailer or prohibit a lottery retailer from selling lottery tickets at a business location who:

(1) changes business location;

(2) fails to account for lottery tickets received or the proceeds from tickets sold;

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(3) fails to remit funds to the director in accordance with the director's rules;

(4) violates a law or a rule or order of the director;

(5) fails to comply with any of the terms in the lottery retailer's contract;

(6) fails to file a bond, securities, or a letter of credit as required under subdivision 3;

(7) in the opinion of the director fails to maintain a sufficient sales volume to justify continuation as a lottery retailer; ~~or~~

(8) has violated section 340A.503, subdivision 2, clause (1), two or more times within a two-year period; or

(9) has violated the rules adopted pursuant to subdivision 6, clause (1), requiring a lottery retailer to retain appropriate amounts from gross receipts from the sale of lottery tickets in order to pay prizes to holders of winning tickets, three or more times within a one-year period.

(c) The director may also cancel, suspend, or refuse to renew a lottery retailer's contract or prohibit a lottery retailer from selling lottery tickets at a business location if there is a material change in any of the factors considered by the director under subdivision 2.

(d) A contract cancellation, suspension, refusal to renew, or prohibiting a lottery retailer from selling lottery tickets at a business location under this subdivision is a contested case under sections 14.57 to 14.69 and is in addition to any criminal penalties provided for a violation of law or rule.

(e) The director may temporarily suspend a contract or temporarily prohibit a lottery retailer from selling lottery tickets at a business location without notice for any of the reasons specified in this subdivision provided that a hearing is conducted within seven days after a request for a hearing is made by a lottery retailer. Within 20 days after receiving the administrative law judge's report, the director shall issue an order vacating the temporary suspension or prohibition or making any other appropriate order. If no hearing is requested within 30 days of the temporary suspension or prohibition taking effect, the suspension or prohibition becomes permanent unless the director vacates or modifies the order.

(f) A lottery retailer whose contract was solely canceled, suspended, or not renewed pursuant to paragraph (b), clause (9), may petition the director to reinstate a canceled or suspended contract, or enter into a new contract, after two years have passed since the order took effect.

Sec. 19. **VALUATION OF PIPELINE OPERATING PROPERTY; ADMINISTRATIVE RULES.**

(a) No later than January 1, 2019, the commissioner of revenue must adopt amendments to applicable administrative rules, including Minnesota Rules, part 8100.0300, related to the valuation of pipeline operating property in Minnesota. The amendments must be designed to improve the valuation methodology so that it produces a more accurate estimate of market value. The commissioner must consider recent agreements, settlements, and judgments related to state-assessed pipeline operating property valuations that resulted in an increase or decrease in assessed market value in developing the amendments required by this section.

(b) The commissioner may use the expedited rulemaking process under Minnesota Statutes, section 14.389, to adopt the rules required by this section.

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

Sec. 20. **VALUATION METHOD OF PUBLIC UTILITY OPERATING PROPERTY; REPORT.**

(a) The commissioner of revenue shall prepare a report on the valuation of the operating property of public utilities, as defined in Minnesota Statutes, section 216B.02, subdivision 4, in the state of Minnesota.

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(b) The report must compile and explain, in detail, the number of state-assessed public utility valuations that have been appealed in the last 20 years, the basis for the appeals, and the extent to which the market value was increased or reduced, by agreement, settlement, or judgment, and list and provide detail on the taxing jurisdictions that have been issued a refund order in the last 20 years as a result of agreement, settlement, or judgment, including the year and amount paid.

(c) The commissioner shall submit the report to the committees of the house of representatives and senate having jurisdiction over taxes by December 1, 2018, and file the report as required by Minnesota Statutes, section 3.195.

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

Sec. 21. **NORDIC WORLD CUP SKI CHAMPIONSHIP.**

(a) Upon request of U.S. Ski and Snowboard, The Loppet Foundation, or other affiliated organization, the Minnesota Amateur Sports Commission must support the preparation and submission of a competitive bid to host an International Ski Federation Nordic World Cup Ski Championship event in Minnesota. If the event is awarded, the commission must partner with the organizing committee as an event host. Commission activities may include but are not limited to assisting in the development of public-private partnerships to support the event; soliciting sponsors; participating in public outreach activities; permitting the commission's facilities to be developed and used as event venues; and providing other administrative, technical, logistical, or financial support, within available resources.

(b) Within 30 days after a bid is submitted and, if an event is awarded to Minnesota as a host, within 30 days after receiving notice of the award, the commission must notify the chairs and ranking minority members of the legislative committees with jurisdiction over the commission. The notification must describe the commission's work in support of the event and indicate whether the commission anticipates seeking supplemental state or local funds or other public resources to continue that work.

EFFECTIVE DATE. This section is effective the day following final enactment and expires upon conclusion of a Nordic World Cup Ski Championship event hosted in Minnesota.

Sec. 22. **REPEALER.**

Minnesota Statutes 2016, section 155A.28, subdivisions 1, 3, and 4, are repealed effective July 1, 2018.

ARTICLE 3

LEGISLATIVE BUDGET OFFICE

Section 1. Minnesota Statutes 2017 Supplement, section 3.8853, subdivision 1, is amended to read:

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

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

Sec. 2. Minnesota Statutes 2017 Supplement, section 3.8853, subdivision 2, is amended to read:

Subd. 2. **Director; staff.** The ~~Legislative Coordinating Commission~~ Legislative Budget Office Oversight Commission must appoint a director ~~who~~ and establish the director's duties. The director may hire staff

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necessary to do the work of the office. The director serves in the unclassified service for a term of six years and may not be removed during a term except for cause after a public hearing.

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

Sec. 3. Minnesota Statutes 2017 Supplement, section 3.8853, is amended by adding a subdivision to read:

Subd. 3. **Uniform standards and procedures.** The director of the Legislative Budget Office must adopt uniform standards and procedures governing the timely preparation of fiscal notes as required by this section and section 3.98. The standards and procedures are not effective until they are approved by the Legislative Budget Office Oversight Commission. Upon approval, the standards and procedures must be published in the State Register and on the office's Web site.

EFFECTIVE DATE. This section is effective September 1, 2019, except that the uniform standards and procedures to be used may be developed and adopted by the oversight commission prior to the effective date of this section.

Sec. 4. Minnesota Statutes 2017 Supplement, section 3.8853, is amended by adding a subdivision to read:

Subd. 4. **Access to data; treatment.** Upon request of the director of the Legislative Budget Office, the head or chief administrative officer of each department or agency of state government, including the Supreme Court, must promptly supply data that are used to prepare a fiscal note, including data that are not public data under section 13.64 or other applicable law, unless there are federal laws or regulations that prohibit the provision of the not public data for this purpose. Not public data supplied under this subdivision may only be used by the Legislative Budget Office to review a department or agency's work in preparing a fiscal note and may not be used or disseminated for any other purpose, including use by or dissemination to a legislator or to any officer, department, agency, or committee within the legislative branch. Violation of this subdivision by the director or other staff of the Legislative Budget Office is cause for removal, suspension without pay, or immediate dismissal at the direction of the oversight commission.

EFFECTIVE DATE. This section is effective September 1, 2019.

Sec. 5. Minnesota Statutes 2017 Supplement, section 3.8853, is amended by adding a subdivision to read:

Subd. 5. **Fiscal note delivery and posting.** The director of the Legislative Budget Office must deliver a completed fiscal note to the legislative committee chair who made the request, and to the chief author of the legislation to which it relates. Within 24 hours of completion of a fiscal note, the director of the Legislative Budget Office must post a completed fiscal note on the office's public Web site. This subdivision does not apply to an unofficial fiscal note that is not public data under section 13.64, subdivision 3.

EFFECTIVE DATE. This section is effective September 1, 2019.

Sec. 6. **[3.8854] LEGISLATIVE BUDGET OFFICE OVERSIGHT COMMISSION.**

(a) The Legislative Budget Office Oversight Commission consists of:

(1) two members of the senate appointed by the senate majority leader;

(2) two members of the senate appointed by the senate minority leader;

(3) two members of the house of representatives appointed by the speaker of the house; and

(4) two members of the house of representatives appointed by the minority leader.

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The director of the Legislative Budget Office is the executive secretary of the commission. The chief nonpartisan fiscal analyst of the house of representatives, the lead nonpartisan fiscal analyst of the senate, the commissioner of management and budget or a designee, and the legislative auditor are ex officio, nonvoting members of the commission.

(b) Members serve at the pleasure of the appointing authority, or until they are not members of the legislative body from which they were appointed. Appointing authorities shall fill vacancies on the commission within 30 days of a vacancy being created.

(c) The commission shall meet in January of each odd-numbered year to elect its chair and vice-chair. They shall serve until successors are elected. The chair and vice-chair shall alternate biennially between the senate and the house of representatives. The commission shall meet at the call of the chair. The members shall serve without compensation but may be reimbursed for their reasonable expenses consistent with the rules of the legislature governing expense reimbursement.

(d) The commission shall review the work of the Legislative Budget Office and make recommendations, as the commission determines necessary, to improve the office's ability to fulfill its duties, and shall perform other functions as directed by this section, and sections 3.8853 and 3.98.

Sec. 7. Minnesota Statutes 2017 Supplement, section 3.98, subdivision 1, is amended to read:

Subdivision 1. **Preparation; duties.** (a) The head or chief administrative officer of each department or agency of the state government, including the Supreme Court, shall ~~cooperate with the Legislative Budget Office and the Legislative Budget Office must~~ prepare a fiscal note consistent with the standards and procedures adopted under section 3.8853, at the request of the chair of the standing committee to which a bill has been referred, or the chair of the house of representatives Ways and Means Committee, or the chair of the senate Committee on Finance.

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

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

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

EFFECTIVE DATE. This section is effective September 1, 2019.

Sec. 8. Minnesota Statutes 2016, section 10A.01, subdivision 35, is amended to read:

Subd. 35. **Public official.** "Public official" means any:

(1) member of the legislature;

(2) individual employed by the legislature as secretary of the senate, legislative auditor, director of the Legislative Budget Office, chief clerk of the house of representatives, revisor of statutes, or researcher, legislative analyst, fiscal analyst, or attorney in the Office of Senate Counsel, Research, and Fiscal Analysis, House Research, or the House Fiscal Analysis Department;

(3) constitutional officer in the executive branch and the officer's chief administrative deputy;

(4) solicitor general or deputy, assistant, or special assistant attorney general;

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

(6) member, chief administrative officer, or deputy chief administrative officer of a state board or commission that has either the power to adopt, amend, or repeal rules under chapter 14, or the power to adjudicate contested cases or appeals under chapter 14;

(7) individual employed in the executive branch who is authorized to adopt, amend, or repeal rules under chapter 14 or adjudicate contested cases under chapter 14;

(8) executive director of the State Board of Investment;

(9) deputy of any official listed in clauses (7) and (8);

(10) judge of the Workers' Compensation Court of Appeals;

(11) administrative law judge or compensation judge in the State Office of Administrative Hearings or unemployment law judge in the Department of Employment and Economic Development;

(12) member, regional administrator, division director, general counsel, or operations manager of the Metropolitan Council;

(13) member or chief administrator of a metropolitan agency;

(14) director of the Division of Alcohol and Gambling Enforcement in the Department of Public Safety;

(15) member or executive director of the Higher Education Facilities Authority;

(16) member of the board of directors or president of Enterprise Minnesota, Inc.;

(17) member of the board of directors or executive director of the Minnesota State High School League;

(18) member of the Minnesota Ballpark Authority established in section 473.755;

(19) citizen member of the Legislative-Citizen Commission on Minnesota Resources;

(20) manager of a watershed district, or member of a watershed management organization as defined under section 103B.205, subdivision 13;

(21) supervisor of a soil and water conservation district;

(22) director of Explore Minnesota Tourism;

(23) citizen member of the Lessard-Sams Outdoor Heritage Council established in section 97A.056;

(24) citizen member of the Clean Water Council established in section 114D.30;

(25) member or chief executive of the Minnesota Sports Facilities Authority established in section 473J.07;

(26) district court judge, appeals court judge, or Supreme Court justice;

(27) county commissioner;

(28) member of the Greater Minnesota Regional Parks and Trails Commission; or

(29) member of the Destination Medical Center Corporation established in section 469.41.

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

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Sec. 9. Minnesota Statutes 2016, section 13.64, is amended by adding a subdivision to read:

Subd. 4. **Fiscal note data must be shared with Legislative Budget Office.** A head or chief administrative officer of a department or agency of the state government, including the Supreme Court, must provide data that are used to prepare a fiscal note, including data that are not public data under this section to the director of the Legislative Budget Office upon the director's request and consistent with section 3.8853, subdivision 4, unless there are federal laws or regulations that prohibit the provision of the not public data for this purpose. The data must be supplied according to any standards and procedures adopted under section 3.8853, subdivision 3, including any standards and procedures governing timeliness. Notwithstanding section 13.05, subdivision 9, a responsible authority may not require the Legislative Budget Office to pay a cost for supplying data requested under this subdivision.

EFFECTIVE DATE. This section is effective September 1, 2019.

Sec. 10. Laws 2017, First Special Session chapter 4, article 2, section 1, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~January 8, 2019~~ July 1, 2018.

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

Sec. 11. Laws 2017, First Special Session chapter 4, article 2, section 3, the effective date, is amended to read:

EFFECTIVE DATE. Except where otherwise provided by law, this section is effective ~~January 8, 2019~~ July 1, 2018.

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

Sec. 12. Laws 2017, First Special Session chapter 4, article 2, section 9, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~January 8, 2019~~ September 1, 2019.

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

Sec. 13. Laws 2017, First Special Session chapter 4, article 2, section 58, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~January 8, 2019.~~ September 1, 2019. The contract required under this section must be approved by the Legislative Budget Office Oversight Commission and be executed no later than November 1, 2018, and must provide for transfer of operational control of the fiscal note tracking system to the Legislative Budget Office effective September 1, 2019.

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

Sec. 14. **LEGISLATIVE BUDGET OFFICE OVERSIGHT COMMISSION; FIRST APPOINTMENTS; FIRST CHAIR; FIRST MEETING.**

Appointments to the Legislative Budget Office Oversight Commission under Minnesota Statutes, section 3.8854, must be made by July 1, 2018. The chair of the Legislative Coordinating Commission must designate one appointee to convene the commission's first meeting and serve as its chair until a chair is elected by the

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commission as provided in Minnesota Statutes, section 3.8854. The designated appointee must convene the first meeting no later than July 15, 2018.

Sec. 15. **LEGISLATIVE BUDGET OFFICE DIRECTOR ORIENTATION AND TRAINING.**

Before September 1, 2019, the commissioner of management and budget shall provide orientation and training to the director of the Legislative Budget Office and any staff of the Legislative Budget Office designated by the director on the use of the fiscal note system. The commissioner of management and budget must provide opportunities to the director of the Legislative Budget Office and staff designated by the director of the Legislative Budget Office to learn from the Department of Management and Budget's work on fiscal note requests during the 2019 regular legislative session to facilitate the transfer of duties required by this act.

Sec. 16. **REPEALER.**

(a) Minnesota Statutes 2017 Supplement, section 3.98, subdivision 4, is repealed effective September 1, 2019.

(b) Laws 2017, First Special Session chapter 4, article 2, section 59, is repealed.

EFFECTIVE DATE. This section is effective the day following final enactment unless a different date is specified.

ARTICLE 4

INFORMATION TECHNOLOGY

Section 1. **[3.9736] EVALUATION OF INFORMATION TECHNOLOGY PROJECTS.**

Subdivision 1. **Definition.** For purposes of this section, "information technology project" means a project managed or performed by the Office of MN.IT Services on behalf of a state agency.

Subd. 2. **Selection of project for review; schedule for evaluation; report.** Annually, the legislative auditor may submit to the Legislative Audit Commission a list of three to five information technology projects proposed for review. In selecting projects to include on the list, the legislative auditor may consider the cost of the project to the state, the impact of the project on state agencies and public users, and the legislature's interest in ensuring that state agencies meet the needs of the public. The legislative auditor may include completed projects and ongoing projects and shall give particular consideration to forensic review of high-profile problematic projects from which recommendations may be developed to prevent problems on future projects. Annually, the Legislative Audit Commission may select at least one information technology project for the legislative auditor's evaluation. The legislative auditor may evaluate the selected information technology project according to an evaluation plan established under subdivision 3 and submit a written report to the Legislative Audit Commission.

Subd. 3. **Evaluation plan.** The Legislative Audit Commission may establish an evaluation plan that identifies elements the legislative auditor must include in an evaluation of an information technology project. The Legislative Audit Commission may modify the evaluation plan as needed.

Sec. 2. Minnesota Statutes 2016, section 16A.11, subdivision 1, is amended to read:

Subdivision 1. **When.** The governor shall submit a three-part budget to the legislature. Parts one and two, the budget message and detailed operating budget, must be submitted by the fourth Tuesday in January in each odd-numbered year. However, in a year following the election of a governor who had not been governor the previous year, parts one and two must be submitted by the third Tuesday in February. Part

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three, the detailed recommendations as to capital expenditure, must be submitted as follows: agency capital budget requests by July 15 of each odd-numbered year, and governor's recommendations by January 15 of each even-numbered year. ~~Detailed recommendations as to information technology expenditure must be submitted as part of the detailed operating budget. Information technology recommendations must include projects to be funded during the next biennium and planning estimates for an additional two bienniums. Information technology recommendations must specify purposes of the funding such as infrastructure, hardware, software, or training.~~

Sec. 3. Minnesota Statutes 2016, section 16A.11, is amended by adding a subdivision to read:

Subd. 6a. **Information technology and cyber security.** (a) Detailed recommendations as to information and telecommunications technology systems and services expenditures must be submitted as part of the detailed operating budget. These recommendations must include projects to be funded during the next biennium and planning estimates for an additional two bienniums and must specify purposes of the funding, such as infrastructure, hardware, software, or training. The detailed operating budget must also separately recommend expenditures for the maintenance and enhancement of cyber security for the state's information and telecommunications technology systems and services.

(b) The commissioner of management and budget, in consultation with the state chief information officer, shall establish budget guidelines for the recommendations required by this subdivision. Unless otherwise set by the commissioner at a higher amount, the amount to be budgeted each fiscal year for maintenance and enhancement of cyber security must be at least 3.5 percent of a department's or agency's total operating budget for information and telecommunications technology systems and services in that year.

(c) As used in this subdivision:

(1) "cyber security" has the meaning given in section 16E.03, subdivision 1, paragraph (d); and

(2) "information and telecommunications technology systems and services" has the meaning given in section 16E.03, subdivision 1, paragraph (a).

Sec. 4. Minnesota Statutes 2016, section 16E.03, subdivision 7, is amended to read:

Subd. 7. **Cyber security systems.** In consultation with the attorney general and appropriate agency heads, the chief information officer shall develop cyber security policies, guidelines, and standards, and shall install and administer state data security systems on the state's computer facilities consistent with these policies, guidelines, standards, and state law to ensure the integrity of computer-based and other data and to ensure applicable limitations on access to data, consistent with the public's right to know as defined in chapter 13. The chief information officer is responsible for overall security of state agency networks connected to the Internet. Each department or agency head is responsible for the security of the department's or agency's data within the guidelines of established enterprise policy. Unless otherwise expressly provided by law, at least 3.5 percent of each department's or agency's expenditures in a fiscal year for information and telecommunications technology systems and services must be directed to the maintenance and enhancement of cyber security.

EFFECTIVE DATE. This section is effective July 1, 2018, and applies to expenditures in fiscal years beginning on or after that date.

ARTICLE 5

ENERGY POLICY

Section 1. Minnesota Statutes 2017 Supplement, section 116C.779, subdivision 1, is amended to read:

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Subdivision 1. **Renewable development account.** (a) The renewable development account is established as a separate account in the special revenue fund in the state treasury. Appropriations and transfers to the account shall be credited to the account. Earnings, such as interest, dividends, and any other earnings arising from assets of the account, shall be credited to the account. Funds remaining in the account at the end of a fiscal year are not canceled to the general fund but remain in the account until expended. The account shall be administered by the commissioner of management and budget as provided under this section.

(b) On July 1, 2017, the public utility that owns the Prairie Island nuclear generating plant must transfer all funds in the renewable development account previously established under this subdivision and managed by the public utility to the renewable development account established in paragraph (a). Funds awarded to grantees in previous grant cycles that have not yet been expended and unencumbered funds required to be paid in calendar year 2017 under paragraphs (e) and (f) ~~and (g)~~, and sections 116C.7792 and 216C.41, are not subject to transfer under this paragraph.

(c) ~~Except as provided in subdivision 1a,~~ Beginning January 15, ~~2018~~ 2019, and continuing each January 15 thereafter, the public utility that owns the Prairie Island and Monticello nuclear generating ~~plant~~ plants must transfer to the renewable development account ~~$500,000 each year for each dry cask containing spent fuel that is located at the Prairie Island power plant for~~ the following amounts each year ~~the~~ either plant is in operation~~, and $7,500,000 each year the plant is not in operation~~: (1) $23,000,000 in 2019; (2) $28,000,000 in 2020; (3) $28,000,000 in 2021; and (4) $20,000,000 beginning in 2022 and each year thereafter. If ordered by the commission pursuant to paragraph ~~(i).~~ (h), the public utility must transfer $7,500,000 each year the Prairie Island plant is not in operation and $5,250,000 each year the Monticello plant is not in operation. The fund transfer must be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Prairie Island or Monticello for any part of a year.

~~(d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing each January 15 thereafter, the public utility that owns the Monticello nuclear generating plant must transfer to the renewable development account $350,000 each year for each dry cask containing spent fuel that is located at the Monticello nuclear power plant for each year the plant is in operation, and $5,250,000 each year the plant is not in operation if ordered by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for any part of a year.~~

~~(e)~~ (d) Each year, the public utility shall withhold from the funds transferred to the renewable development account under ~~paragraphs~~ paragraph (c) ~~and (d)~~ the amount necessary to pay its obligations for that calendar year under paragraphs (e), (f) ~~and (g)~~, (j), and (n), and sections 116C.7792 and 216C.41~~, for that calendar year~~.

~~(f)~~ (e) If the commission approves a new or amended power purchase agreement, the termination of a power purchase agreement, or the purchase and closure of a facility under section 216B.2424, subdivision 9, with an entity that uses poultry litter to generate electricity, the public utility subject to this section shall enter into a contract with the city in which the poultry litter plant is located to provide grants to the city for the purposes of economic development on the following schedule: $4,000,000 in fiscal year 2018; $6,500,000 each fiscal year in 2019 and 2020; and $3,000,000 in fiscal year 2021. The grants shall be paid by the public utility from funds withheld from the transfer to the renewable development account, as provided in paragraphs (b) and ~~(e)~~ (d).

~~(g)~~ (f) If the commission approves a new or amended power purchase agreement, or the termination of a power purchase agreement under section 216B.2424, subdivision 9, with an entity owned or controlled, directly or indirectly, by two municipal utilities located north of Constitutional Route No. 8, that was previously used to meet the biomass mandate in section 216B.2424, the public utility that owns a nuclear generating plant shall enter into a grant contract with such entity to provide $6,800,000 per year for five years, commencing 30 days after the commission approves the new or amended power purchase agreement, or the termination of the power purchase agreement, and on each June 1 thereafter through 2021, to assist the transition required by the new, amended, or terminated power purchase agreement. The grant shall be

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paid by the public utility from funds withheld from the transfer to the renewable development account as provided in paragraphs (b) and ~~(e)~~ (d).

~~(h)~~ (g) The collective amount paid under the grant contracts awarded under paragraphs (e) and (f) ~~and (g)~~ is limited to the amount deposited into the renewable development account, and its predecessor, the renewable development account, established under this section, that was not required to be deposited into the account under Laws 1994, chapter 641, article 1, section 10.

~~(i)~~ (h) After discontinuation of operation of the Prairie Island nuclear plant or the Monticello nuclear plant and each year spent nuclear fuel is stored in dry cask at the discontinued facility, the commission shall require the public utility to pay $7,500,000 for the discontinued Prairie Island facility and $5,250,000 for the discontinued Monticello facility for any year in which the commission finds, by the preponderance of the evidence, that the public utility did not make a good faith effort to remove the spent nuclear fuel stored at the facility to a permanent or interim storage site out of the state. This determination shall be made at least every two years.

(i) The public utility must annually file with the commission a petition to recover through a rider mechanism all funds it is required to transfer or withhold under paragraphs (c) to (f) for the next year. The commission must approve a reasonable cost recovery schedule for all funds under this paragraph.

(j) On or before January 15 of each year, the public utility must file a petition with the commission identifying the amounts withheld by the public utility the prior year under paragraph (d) and the amount actually paid the prior year for obligations identified in paragraph (d). If the amount actually paid is less than the amount withheld, the public utility must deduct the surplus from the amount withheld for the current year under paragraph (d). If the amount actually paid is more than the amount withheld, the public utility must add the deficiency amount to the amount withheld for the current year under paragraph (d). Any surplus remaining in the account after all programs identified in paragraph (d) are terminated must be returned to the public utility's customers.

~~(j)~~ (k) Funds in the account may be expended only for any of the following purposes:

(1) to stimulate research and development of renewable electric energy technologies;

(2) to encourage grid modernization, including, but not limited to, projects that implement electricity storage, load control, and smart meter technology; and

(3) to stimulate other innovative energy projects that reduce demand and increase system efficiency and flexibility.

Expenditures from the fund must benefit Minnesota ratepayers receiving electric service from the utility that owns a nuclear-powered electric generating plant in this state or the Prairie Island Indian community or its members.

The utility that owns a nuclear generating plant is eligible to apply for grants under this subdivision.

~~(k)~~ (l) For the purposes of paragraph ~~(j)~~ (k), the following terms have the meanings given:

(1) "renewable" has the meaning given in section 216B.2422, subdivision 1, paragraph (c), clauses (1), (2), (4), and (5); and

(2) "grid modernization" means:

(i) enhancing the reliability of the electrical grid;

(ii) improving the security of the electrical grid against cyberthreats and physical threats; and

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(iii) increasing energy conservation opportunities by facilitating communication between the utility and its customers through the use of two-way meters, control technologies, energy storage and microgrids, technologies to enable demand response, and other innovative technologies.

~~(l)~~ (m) A renewable development account advisory group that includes, among others, representatives of the public utility and its ratepayers, and includes at least one representative of the Prairie Island Indian community appointed by that community's tribal council, shall develop recommendations on account expenditures. Members of the advisory group must be chosen by the public utility. The advisory group must design a request for proposal and evaluate projects submitted in response to a request for proposals. The advisory group must utilize an independent third-party expert to evaluate proposals submitted in response to a request for proposal, including all proposals made by the public utility. A request for proposal for research and development under paragraph ~~(j)~~ (k), clause (1), may be limited to or include a request to higher education institutions located in Minnesota for multiple projects authorized under paragraph ~~(j)~~ (k), clause (1). The request for multiple projects may include a provision that exempts the projects from the third-party expert review and instead provides for project evaluation and selection by a merit peer review grant system. In the process of determining request for proposal scope and subject and in evaluating responses to request for proposals, the advisory group must strongly consider, where reasonable, potential benefit to Minnesota citizens and businesses and the utility's ratepayers.

(n) The cost of acquiring the services of the independent third-party expert described in paragraph (m) and any other reasonable costs incurred to administer the advisory group and its actions required by this section must be paid from funds withheld by the public utility under paragraph (d). The total amount withheld under this paragraph must not exceed $125,000 each year.

~~(m)~~ (o) The advisory group shall submit funding recommendations to the public utility, which has full and sole authority to determine which expenditures shall be submitted by the advisory group to the ~~legislature~~ commission. The commission may approve proposed expenditures, may disapprove proposed expenditures that it finds not to be in compliance with this subdivision or otherwise not in the public interest, and may, if agreed to by the public utility, modify proposed expenditures. The commission shall, by order, submit its funding recommendations to the legislature as provided under paragraph ~~(n)~~ (p).

~~(n)~~ (p) The commission shall present its recommended appropriations from the account to the senate and house of representatives committees with jurisdiction over energy policy and finance annually by February 15. Expenditures from the account must be appropriated by law. In enacting appropriations from the account, the legislature:

(1) may approve or disapprove, but may not modify, the amount of an appropriation for a project recommended by the commission; and

(2) may not appropriate money for a project the commission has not recommended funding.

~~(o)~~ (q) A request for proposal for renewable energy generation projects must, when feasible and reasonable, give preference to projects that are most cost-effective for a particular energy source.

~~(p)~~ (r) The advisory group must annually, by February 15, report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy policy on projects funded by the account under paragraph (k) for the prior year and all previous years. The report must, to the extent possible and reasonable, itemize the actual and projected financial benefit to the public utility's ratepayers of each project.

(s) By June 1, 2018, and each June 1 thereafter, the public utility that owns the Prairie Island Nuclear Electric Generating Plant must submit to the commissioner of management and budget an estimate of the amount the public utility will deposit into the account the following January 15, based on the provisions of paragraphs (c) to (h) and any appropriations made from the fund during the most recent legislative session.

~~(q)~~ (t) By ~~February 1~~ June 30, 2018, and each ~~February 1~~ June 30 thereafter, the commissioner of management and budget ~~shall~~ must estimate the balance in the account as of the following January 31, taking

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into account the balance in the account as of June 30 and the information provided under paragraph (r). By July 15, 2018, and each July 15 thereafter, the commissioner of management and budget must submit a written report regarding the availability of funds in and obligations of the account to the chairs and ranking minority members of the senate and house committees with jurisdiction over energy policy and finance, the public utility, and the advisory group. If more than $15,000,000 is estimated to be available in the account as of January 31, the advisory group must, by January 31 the next year, issue a request for proposals to initiate a grant cycle for the purposes of paragraph (k).

~~(r)~~ (u) A project receiving funds from the account must produce a written final report that includes sufficient detail for technical readers and a clearly written summary for nontechnical readers. The report must include an evaluation of the project's financial, environmental, and other benefits to the state and the public utility's ratepayers.

~~(s)~~ (v) Final reports, any mid-project status reports, and renewable development account financial reports must be posted online on a public Web site designated by the commissioner of commerce.

~~(t)~~ (w) All final reports must acknowledge that the project was made possible in whole or part by the Minnesota renewable development account, noting that the account is financed by the public utility's ratepayers.

~~(u)~~ (x) Of the amount in the renewable development account, priority must be given to making the payments required under section 216C.417.

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

Sec. 2. Minnesota Statutes 2017 Supplement, section 116C.7792, is amended to read:

116C.7792 SOLAR ENERGY INCENTIVE PROGRAM.

(a) The utility subject to section 116C.779 ~~shall~~ must operate a program to provide solar energy production incentives for solar energy systems of no more than a total aggregate nameplate capacity of ~~20~~ 40 kilowatts direct current per premises. The owner of a solar energy system installed before June 1, 2018, is eligible to receive a production incentive under this section for any additional solar energy systems constructed at the same customer location, provided the aggregate capacity of all systems at the customer location does not exceed 40 kilowatts.

(b) The program ~~shall~~ must be operated for eight consecutive calendar years commencing in 2014. $5,000,000 ~~shall~~ must be allocated in each of the first four years, $15,000,000 in the fifth year, $10,000,000 in each of the sixth and seventh years, and $5,000,000 in the eighth year from funds withheld from transfer to the renewable development account under section 116C.779, subdivision 1, ~~paragraphs (b) and (c)~~ paragraph (d), and placed in a separate account for ~~the purpose of~~ the solar production incentive program operated by the utility. Money in the separate account must not be used for any other program or purpose. Any unspent amount allocated in the fifth year is available until December 31 of the sixth year. Any unspent amount remaining at the end of an allocation year must be transferred to the renewable development account or returned to customers.

(c) The solar energy system must be sized to less than 120 percent of the customer's on-site annual energy consumption when combined with other distributed generation resources and subscriptions provided under section 216B.1641 associated with the premise. The production incentive must be paid for ten years commencing with the commissioning of the system.

(d) The utility must file a plan to operate the program with the commissioner of commerce. The utility may not operate the program until it is approved by the commissioner. A change to the program to include projects up to a nameplate capacity of 40 kilowatts does not require the utility to file an amended plan with the commissioner. Any plan approved by the commissioner of commerce must not provide an increased

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incentive over prior years unless the commissioner demonstrates that changes in the market for solar energy facilities require an increase.

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

Sec. 3. **[116C.7793] PRAIRIE ISLAND NET ZERO PROJECT.**

Subdivision 1. **Program established.** The Prairie Island Net Zero Project is established with the goal of the Prairie Island Indian Community developing an energy system that results in net zero emissions.

Subd. 2. **Grant.** The commissioner of employment and economic development must enter into a grant contract with the Prairie Island Indian Community to provide the amounts appropriated each year under subdivision 4 to stimulate research, development, and implementation of renewable energy projects benefiting the Prairie Island Indian Community or its members. Any examination conducted by the commissioner of employment and economic development to determine the sufficiency of the financial stability and capacity of the Prairie Island Indian Community to carry out the purposes of this grant is limited to the Community Services Department of the Prairie Island Indian Community.

Subd. 3. **Plan; report.** The Prairie Island Indian Community must file a plan with the commissioner of employment and economic development no later than July 1, 2019, describing the Prairie Island Net Zero Project elements and implementation strategy. The Prairie Island Indian Community must file a report on July 1, 2020, and each July 1 thereafter through 2025, describing the progress made in implementing the project and the uses of expended funds.

Subd. 4. **Appropriation.** Notwithstanding section 116C.779, subdivision 1, paragraph (k), $3,000,000 in fiscal year 2019, $7,000,000 in fiscal year 2020, $4,500,000 in fiscal year 2021, $9,000,000 in fiscal year 2022, $8,000,000 in fiscal year 2023, and $8,500,000 in fiscal year 2024 are appropriated from the renewable development account under section 116C.779, subdivision 1, to the commissioner of employment and economic development for a grant to the Prairie Island Indian Community for the purposes of this section. Any funds remaining at the end of a fiscal year do not cancel to the renewable development account but remain available until spent. This subdivision expires the day after the last transfer of funds to the commissioner.

Subd. 5. **Transfer.** (a) Any funds appropriated under section 216C.417, subdivision 2, that are unexpended at the end of a fiscal year are transferred to the commissioner of employment and economic development for a grant to the Prairie Island Indian Community for the purposes of this section.

(b) Beginning in fiscal year 2019 and continuing each year thereafter, on the day following the public release of the February state budget forecast the commissioner of management and budget must compare the obligation forecasted in each fiscal year for the Made in Minnesota solar production incentive program under section 216C.417 with the obligations forecasted under that program in the previous year's February state budget forecast. If the amount in the most recent forecast in any one fiscal year is less than the amount of the obligation forecasted for the same fiscal year in the previous February forecast, the commissioner of management and budget must transfer the difference from the renewable development account established in section 116C.779 to the commissioner of employment and economic development for a grant to the Prairie Island Indian Community for the Prairie Island Net Zero Project in section 116C.7793.

(c) The total amount appropriated and transferred from the renewable development account under this subdivision and subdivision 4 must not exceed $45,000,000.

(d) This subdivision expires the day following the day that the total amount appropriated and transferred from the renewable development account under this subdivision and subdivision 4 equals $45,000,000.

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

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Sec. 4. Minnesota Statutes 2016, section 216B.16, is amended by adding a subdivision to read:

Subd. 7e. **Energy storage system pilot projects.** (a) A public utility may petition the commission under this section to recover costs associated with the implementation of an energy storage system pilot project. As part of the petition, the public utility must submit a report to the commission containing, at a minimum, the following information regarding the proposed energy storage system pilot project:

(1) the storage technology utilized;

(2) the energy storage capacity and the duration of output at that capacity;

(3) the proposed location;

(4) the purchase and installation costs;

(5) how the project will interact with existing distributed generation resources on the utility's grid; and

(6) the goals the project proposes to achieve, which may include controlling frequency or voltage, mitigating transmission congestion, providing emergency power supplies during outages, reducing curtailment of existing renewable energy generators, and reducing peak power costs.

(b) A utility may petition the commission to approve a rate schedule that provides for the automatic adjustment of charges to recover prudently incurred investments, expenses, or costs associated with energy storage system pilot projects approved by the commission under this subdivision. A petition filed under this subdivision must include the elements listed in section 216B.1645, subdivision 2a, paragraph (b), clauses (1) to (4), and must describe the benefits of the pilot project.

(c) The commission may approve, or approve as modified, a rate schedule filed under this subdivision if it determines the proposed energy storage system pilot project is in the public interest. A rate schedule filed under this subdivision may include the elements listed in section 216B.1645, subdivision 2a, paragraph (a), clauses (1) to (5).

(d) The commission must make its determination under paragraph (c) within 90 days of the filing under paragraph (a).

(e) Nothing in this subdivision prohibits or deters the deployment of energy storage systems.

(f) For the purposes of this subdivision:

(1) "energy storage system" has the meaning given in section 216B.2422, subdivision 1; and

(2) "pilot project" means a project that is owned, operated, and controlled by a public utility to optimize safe and reliable system operations and is deployed at a limited number of locations in order to assess the technical and economic effectiveness of its operations.

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

Sec. 5. Minnesota Statutes 2016, section 216B.16, is amended by adding a subdivision to read:

Subd. 13a. **Pension and other benefits rate base.** The commission must allow a public utility to include in the rate base and recover from ratepayers combined pension and other postemployment benefit costs. Postemployment benefit costs include retiree medical, determined as the difference between accumulated contributions and accumulated expenses, offset by related accumulated deferred income tax. A public utility is authorized to track for future recovery any unrecovered return of pension and other postemployment rate base costs and investments at the return on investment level established in the public utility's last general rate case.

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Sec. 6. Minnesota Statutes 2016, section 216B.1641, is amended to read:

216B.1641 COMMUNITY SOLAR GARDEN.

(a) The public utility subject to section 116C.779 shall file by September 30, 2013, a plan with the commission to operate a community solar garden program which shall begin operations within 90 days after commission approval of the plan. Other public utilities may file an application at their election. The community solar garden program must be designed to offset the energy use of not less than five subscribers in each community solar garden facility of which no single subscriber has more than a 40 percent interest. The owner of the community solar garden may be a public utility or any other entity or organization that contracts to sell the output from the community solar garden to the utility under section 216B.164. There shall be no limitation on the number or cumulative generating capacity of community solar garden facilities other than the limitations imposed under section 216B.164, subdivision 4c, or other limitations provided in law or regulations.

(b) A solar garden is a facility that generates electricity by means of a ground-mounted or roof-mounted solar photovoltaic device whereby subscribers receive a bill credit for the electricity generated in proportion to the size of their subscription. The solar garden must have a nameplate capacity of no more than one megawatt. Each subscription shall be sized to represent at least 200 watts of the community solar garden's generating capacity and to supply, when combined with other distributed generation resources serving the premises, no more than 120 percent of the average annual consumption of electricity by each subscriber at the premises to which the subscription is attributed.

(c) The solar generation facility must be located in the service territory of the public utility filing the plan. Subscribers must be retail customers of the public utility located in the same county or a county contiguous to where the facility is located.

(d) The public utility must purchase from the community solar garden all energy generated by the solar garden. The purchase shall be at the rate calculated under section 216B.164, subdivision 10, or, until that rate for the public utility has been approved by the commission, the applicable retail rate. A solar garden is eligible for any incentive programs offered under either section 116C.7792 or section 216C.415. A subscriber's portion of the purchase shall be provided by a credit on the subscriber's bill.

(e) The commission may approve, disapprove, or modify a community solar garden program. Any plan approved by the commission must:

(1) reasonably allow for the creation~~, financing,~~ and accessibility of community solar gardens;

(2) establish uniform standards, fees, and processes for the interconnection of community solar garden facilities that allow the utility to recover reasonable interconnection costs for each community solar garden;

(3) not apply different requirements to utility and nonutility community solar garden facilities;

(4) be consistent with the public interest;

(5) identify the information that must be provided to potential subscribers to ensure fair disclosure of future costs and benefits of subscriptions;

(6) include a program implementation schedule;

(7) identify all proposed rules, fees, and charges; and

(8) identify the means by which the program will be promoted.

(f) Notwithstanding any other law, neither the manager of nor the subscribers to a community solar garden facility shall be considered a utility solely as a result of their participation in the community solar garden facility.

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(g) Within 180 days of commission approval of a plan under this section, a utility shall begin crediting subscriber accounts for each community solar garden facility in its service territory, and shall file with the commissioner of commerce a description of its crediting system.

(h) For the purposes of this section, the following terms have the meanings given:

(1) "subscriber" means a retail customer of a utility who owns one or more subscriptions of a community solar garden facility interconnected with that utility; and

(2) "subscription" means a contract between a subscriber and the owner of a solar garden.

Sec. 7. Minnesota Statutes 2017 Supplement, section 216B.1691, subdivision 2f, is amended to read:

Subd. 2f. **Solar energy standard.** (a) In addition to the requirements of subdivisions 2a and 2b, each public utility shall generate or procure sufficient electricity generated by solar energy to serve its retail electricity customers in Minnesota so that by the end of 2020, at least 1.5 percent of the utility's total retail electric sales to retail customers in Minnesota is generated by solar energy.

(b) For a public utility with more than 200,000 retail electric customers, at least ten percent of the 1.5 percent goal must be met by solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of ~~20~~ 40 kilowatts or less.

(c) A public utility with between 50,000 and 200,000 retail electric customers:

(1) must meet at least ten percent of the 1.5 percent goal with solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of 40 kilowatts or less; and

(2) may apply toward the ten percent goal in clause (1) individual customer subscriptions of 40 kilowatts or less to a community solar garden program operated by the public utility that has been approved by the commission.

(d) The solar energy standard established in this subdivision is subject to all the provisions of this section governing a utility's standard obligation under subdivision 2a.

(e) It is an energy goal of the state of Minnesota that, by 2030, ten percent of the retail electric sales in Minnesota be generated by solar energy.

(f) For the purposes of calculating the total retail electric sales of a public utility under this subdivision, there shall be excluded retail electric sales to customers that are:

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

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

Those customers may not have included in the rates charged to them by the public utility any costs of satisfying the solar standard specified by this subdivision.

(g) A public utility may not use energy used to satisfy the solar energy standard under this subdivision to satisfy its standard obligation under subdivision 2a. A public utility may not use energy used to satisfy the standard obligation under subdivision 2a to satisfy the solar standard under this subdivision.

(h) Notwithstanding any law to the contrary, a solar renewable energy credit associated with a solar photovoltaic device installed and generating electricity in Minnesota after August 1, 2013, but before 2020 may be used to meet the solar energy standard established under this subdivision.

(i) Beginning July 1, 2014, and each July 1 through 2020, each public utility shall file a report with the commission reporting its progress in achieving the solar energy standard established under this subdivision.

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

Sec. 8. Minnesota Statutes 2017 Supplement, section 216B.241, subdivision 1d, is amended to read:

Subd. 1d. **Technical assistance.** (a) The commissioner shall evaluate energy conservation improvement programs on the basis of cost-effectiveness and the reliability of the technologies employed. The commissioner shall, by order, establish, maintain, and update energy-savings assumptions that must be used when filing energy conservation improvement programs. The commissioner shall establish an inventory of the most effective energy conservation programs, techniques, and technologies, and encourage all Minnesota utilities to implement them, where appropriate, in their service territories. The commissioner shall describe these programs in sufficient detail to provide a utility reasonable guidance concerning implementation. The commissioner shall prioritize the opportunities in order of potential energy savings and in order of cost-effectiveness. The commissioner may contract with a third party to carry out any of the commissioner's duties under this subdivision, and to obtain technical assistance to evaluate the effectiveness of any conservation improvement program. The commissioner may assess up to $850,000 annually for the purposes of this subdivision. The assessments must be deposited in the state treasury and credited to the energy and conservation account created under subdivision 2a. An assessment made under this subdivision is not subject to the cap on assessments provided by section 216B.62, or any other law.

(b) Of the assessment authorized under paragraph (a), the commissioner may expend ~~up to $400,000 annually~~ $800,000 for the purpose of developing, operating, maintaining, and providing technical support for a uniform electronic data reporting and tracking system available to all utilities subject to this section, in order to enable accurate measurement of the cost and energy savings of the energy conservation improvements required by this section. This paragraph expires June 30, ~~2018~~ 2019.

(c) The commissioner must establish a utility stakeholder group to direct development and maintenance of the tracking system available to all utilities. The utility stakeholder group will direct 50 percent of the biennium expenditures. The utility stakeholder group must include but is not limited to stakeholders representative of the Minnesota Rural Electric Association, the Minnesota Municipal Utility Association, investor-owned utilities, municipal power agencies, energy conservation organizations, and businesses that work in energy efficiency. One of the stakeholder members must serve as chair. The utility stakeholder group must develop and submit its work plan to the commissioner. The utility stakeholder group must study alternative tracking system options, which must be submitted to the commissioner with the work plan by January 15, 2020. The utility stakeholder group must meet regularly at the call of the chair. Meetings of the utility stakeholder group are subject to chapter 13D.

Sec. 9. Minnesota Statutes 2016, section 216B.2422, subdivision 1, is amended to read:

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

(b) "Utility" means an entity with the capability of generating 100,000 kilowatts or more of electric power and serving, either directly or indirectly, the needs of 10,000 retail customers in Minnesota. Utility does not include federal power agencies.

(c) "Renewable energy" means electricity generated through use of any of the following resources:

(1) wind;

(2) solar;

(3) geothermal;

(4) hydro;

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(5) trees or other vegetation;

(6) landfill gas; or

(7) predominantly organic components of wastewater effluent, sludge, or related by-products from publicly owned treatment works, but not including incineration of wastewater sludge.

(d) "Resource plan" means a set of resource options that a utility could use to meet the service needs of its customers over a forecast period, including an explanation of the supply and demand circumstances under which, and the extent to which, each resource option would be used to meet those service needs. These resource options include using, refurbishing, and constructing utility plant and equipment, buying power generated by other entities, controlling customer loads, and implementing customer energy conservation.

(e) "Refurbish" means to rebuild or substantially modify an existing electricity generating resource of 30 megawatts or greater.

(f) "Energy storage system" means a commercially available technology that:

(1) uses mechanical, chemical, or thermal processes to:

(i) store energy, including energy generated from renewable resources and energy that would otherwise be wasted, and deliver the stored energy for use at a later time; or

(ii) store thermal energy for direct use for heating or cooling at a later time in a manner that reduces the demand for electricity at the later time;

(2) is composed of stationary equipment;

(3) if being used for electric grid benefits, is operationally visible and capable of being controlled by the distribution or transmission entity managing it, to enable and optimize the safe and reliable operation of the electric system; and

(4) achieves any of the following:

(i) reduces peak or electrical demand;

(ii) defers the need or substitutes for an investment in electric generation, transmission, or distribution assets;

(iii) improves the reliable operation of the electrical transmission or distribution systems, while ensuring transmission or distribution needs are not created; or

(iv) lowers customer costs by storing energy when the cost of generating or purchasing it is low and delivering it to customers when those costs are high.

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

Sec. 10. Minnesota Statutes 2016, section 216B.2422, is amended by adding a subdivision to read:

Subd. 7. **Energy storage systems assessment.** (a) Each public utility required to file a resource plan under subdivision 2 must include in the filing an assessment of energy storage systems that analyzes how the deployment of energy storage systems contributes to:

(1) meeting identified generation and capacity needs; and

(2) evaluating ancillary services.

(b) The assessment must employ appropriate modeling methods to enable the analysis required in paragraph (a).

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

Sec. 11. Minnesota Statutes 2017 Supplement, section 216B.62, subdivision 3b, is amended to read:

Subd. 3b. **Assessment for department regional and national duties.** In addition to other assessments in subdivision 3, the department may assess up to $500,000 per fiscal year for performing its duties under section 216A.07, subdivision 3a. The amount in this subdivision shall be assessed to energy utilities in proportion to their respective gross operating revenues from retail sales of gas or electric service within the state during the last calendar year and shall be deposited into an account in the special revenue fund and is appropriated to the commissioner of commerce for the purposes of section 216A.07, subdivision 3a. An assessment made under this subdivision is not subject to the cap on assessments provided in subdivision 3 or any other law. For the purpose of this subdivision, an "energy utility" means public utilities, generation and transmission cooperative electric associations, and municipal power agencies providing natural gas or electric service in the state. This subdivision expires June 30, ~~2018~~ 2019.

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

Sec. 12. Minnesota Statutes 2017 Supplement, section 216C.417, subdivision 2, is amended to read:

Subd. 2. **Appropriation.** (a) Unspent money remaining in the account established under Minnesota Statutes 2016, section 216C.412, on July 1, 2017, must be transferred to the renewable development account in the special revenue fund established under Minnesota Statutes, section 116C.779, subdivision 1.

(b) There is annually appropriated from the renewable development account in the special revenue fund established in Minnesota Statutes, section 116C.779, to the commissioner of commerce money sufficient to make the incentive payments required under Minnesota Statutes 2016, section 216C.415. Any funds appropriated under this paragraph that are unexpended ~~at the end of a fiscal year~~ must be transferred to the commissioner of employment and economic development as provided under section 116C.7793, subdivision 5. Any funds remaining after the transfer under this paragraph cancel to the renewable development account.

(c) Notwithstanding Minnesota Statutes 2016, section 216C.412, subdivision 1, none of this appropriation may be used for administrative costs.

Sec. 13. Minnesota Statutes 2016, section 216D.04, is amended by adding a subdivision to read:

Subd. 5. **Contact information required.** (a) An operator must furnish accurate contact information necessary for underground facility damage prevention and damage response requested by the notification center.

(b) The contact information for each affected operator must be available to the excavator that provided notice under subdivision 1.

Sec. 14. Laws 2017, chapter 94, article 10, section 28, is amended to read:

Sec. 28. **PROGRAM ADMINISTRATION; "MADE IN MINNESOTA" SOLAR THERMAL REBATES.**

(a) No rebate may be paid under Minnesota Statutes 2016, section 216C.416, to an owner of a solar thermal system whose application was approved by the commissioner of commerce after the effective date of this act.

(b) Unspent money remaining in the account established under Minnesota Statutes 2014, section 216C.416, as of July 2, 2017, must be transferred to the ~~C-LEAF~~ renewable development account established under Minnesota Statutes 2016, section 116C.779, subdivision 1.

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

Sec. 15. Laws 2017, chapter 94, article 10, section 29, is amended to read:

Sec. 29. **RENEWABLE DEVELOPMENT ACCOUNT; TRANSFER OF UNEXPENDED GRANT FUNDS.**

(a) No later than 30 days after the effective date of this section, the utility subject to Minnesota Statutes, section 116C.779, subdivision 1, must notify in writing each person who received a grant funded from the renewable development account ~~previously~~ established under that subdivision:

(1) after January 1, 2012; and

(2) before January 1, 2012, if the funded project remains incomplete as of the effective date of this section.

The notice must contain the provisions of this section and instructions directing grant recipients how unexpended funds can be transferred to the ~~clean energy advancement fund~~ renewable development account.

(b) A recipient of a grant from the renewable development account ~~previously~~ established under Minnesota Statutes, section 116C.779, subdivision 1, must, no later than 30 days after receiving the notice required under paragraph (a), transfer any grant funds that remain unexpended as of the effective date of this section to the ~~clean energy advancement fund~~ renewable development account if, by that effective date, all of the following conditions are met:

(1) the grant was awarded more than five years before the effective date of this section;

(2) the grant recipient has failed to obtain control of the site on which the project is to be constructed;

(3) the grant recipient has failed to secure all necessary permits or approvals from any unit of government with respect to the project; and

(4) construction of the project has not begun.

(c) A recipient of a grant from the renewable development account ~~previously~~ established under Minnesota Statutes, section 116C.779, subdivision 1, must transfer any grant funds that remain unexpended five years after the grant funds are received by the grant recipient if, by that date, the conditions in paragraph (b), clauses (2) to (4), have been met. The grant recipient must transfer the unexpended funds no later than 30 days after the fifth anniversary of the receipt of the grant funds.

(d) A person who transfers funds to the ~~clean energy advancement fund~~ renewable development account under this section is eligible to apply for funding from the ~~clean energy advancement fund~~ renewable development account.

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

Sec. 16. **BIOMASS BUSINESS COMPENSATION.**

Subdivision 1. **Office of Administrative Hearings; claims process.** The chief administrative law judge of the Office of Administrative Hearings must name an administrative law judge to administer a claims award process to compensate businesses negatively affected by the sale and closure of the biomass plant identified under Minnesota Statutes, section 116C.779, subdivision 1, paragraph (e). The administrative law judge may establish a process, including the development of application forms, to consider claims for affected businesses and issue awards to eligible businesses. An application form developed for the process must, at a minimum, require the name of the business, the business address and telephone number, and the name of a contact person.

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Subd. 2. **Eligibility.** To be eligible for compensation, an affected business must verify that as of May 1, 2017, it was operating under the terms of a valid contract or provide other documentation demonstrating an ongoing business relationship of preparing, supplying, or transporting products, fuel, or by-products to or from either the company operating the biomass plant identified under Minnesota Statutes, section 116C.779, subdivision 1, paragraph (e), or a fertilizer plant integrated with the biomass plant identified under Minnesota Statutes, section 116C.779, subdivision 1, paragraph (e).

Subd. 3. **Calculating award.** (a) An eligible business may make a claim for compensation based on decreased net revenue and the loss of value of investments in real or personal property essential to business operations with the biomass plant identified under Minnesota Statutes, section 116C.779, subdivision 1, paragraph (e). All such losses must be attributable to the termination of the contract under Minnesota Statutes, section 216B.2424, subdivision 9.

(b) When filing a claim of decreased net revenue, an eligible business must demonstrate the extent of its decreased business activity by providing copies of any contracts or other documentation under subdivision 2, including financial statements showing the eligible business's financial performance over the past five years for supplying or managing material for, or receiving material from, the biomass plant identified under Minnesota Statutes, section 116C.779, subdivision 1, paragraph (e). The business must also present evidence of any alternative business opportunities it has pursued or could pursue to mitigate the loss of revenue from the termination of the contract, as the value of alternative opportunities offsets compensation provided under this section.

(c) In filing a claim of loss of value of investments in real or personal property, an eligible business must provide:

(1) evidence that the property was essential to fulfilling the contract with the biomass plant identified under Minnesota Statutes, section 116C.779, subdivision 1, paragraph (e);

(2) evidence that the eligible business is unable to fully repurpose the property to another productive use after the termination of the contract under Minnesota Statutes, section 216B.2424, subdivision 9; and

(3) documentation of the eligible business's investment in the property, minus any economic depreciation.

An eligible business must also provide a valuation of the use, sales, salvage, or scrap value of the property for which the loss is claimed, as the value of the property offsets compensation provided under this section.

(d) A business seeking compensation under this section must report any payment received from business interruption insurance policies, settlements, or other forms of compensation related to the termination of the contract of the biomass plant identified under Minnesota Statutes, section 116C.779, subdivision 1, paragraph (e). All payments identified in this paragraph offset compensation provided under this section.

(e) A business seeking compensation under this section must provide any other documentation it deems appropriate, or as required by the administrative law judge, to support its claim, including a narrative of the facts of the business claim that gives rise to the request for compensation.

(f) Regardless of actual losses, an award of compensation must not exceed the average of the eligible business's annual net revenue generated from a contract or business relationship with the biomass plant identified under Minnesota Statutes, section 116C.779, subdivision 1, paragraph (e), for the past five years, multiplied by two.

(g) Minnesota Statutes, section 13.591, applies to data submitted by a business requesting compensation under this section.

Subd. 4. **Priority.** (a) The administrative law judge may give priority to claims by eligible businesses that demonstrate a significant effort to:

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(1) mitigate losses resulting from the closure of the biomass plant identified under Minnesota Statutes, section 116C.779, subdivision 1, paragraph (e); or

(2) repurpose the business for another use through retasking and retooling.

(b) The administrative law judge must consider whether a business requests compensation for a total business loss without mitigation efforts when determining awards under this section.

Subd. 5. **Amount of claim.** Any claim is limited by and proportional to the amount provided for compensation in the biomass business compensation fund established in section 17, and the number of claimants.

Subd. 6. **Deadlines.** The administrative law judge must make an application process for compensation available by August 1, 2018. A business seeking to submit a request for compensation under this section must file claims with the administrative law judge within 60 days following closure of the biomass plant. The administrative law judge must issue award determination orders within 180 days after the deadline for filing claims.

Subd. 7. **Appeals.** Orders issued by the administrative law judge under this section are final. An order denying compensation claimed under this section is subject to the contested case review procedures under Minnesota Statutes, chapter 14.

Subd. 8. **Expiration.** This section expires June 30, 2021.

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

Sec. 17. **BIOMASS BUSINESS COMPENSATION ACCOUNT.**

Subdivision 1. **Account established.** A biomass business compensation account is established as a separate account in the special revenue fund in the state treasury. Appropriations and transfers to the account must be credited to the account. Earnings, such as interest, and any other earnings arising from the assets of the account are credited to the account. Funds remaining in the account as of December 31, 2020, must be transferred to the renewable development account established under Minnesota Statutes, section 116C.779.

Subd. 2. **Funding for the special account.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (k), on July 1, 2018, $40,000,000 must be transferred from the renewable development account under Minnesota Statutes, section 116C.779, to the biomass business compensation account established under subdivision 1. The transferred funds are appropriated to pay eligible obligations under the biomass business compensation program established under section 16.

Subd. 3. **Payment of expenses.** Beginning on July 1, 2019, the chief administrative law judge must certify to the commissioner of management and budget the total costs incurred to administer the biomass business compensation claims process. The commissioner of management and budget must transfer an amount equal to the certified costs incurred for biomass business compensation claim activities from the renewable development account under Minnesota Statutes, section 116C.779, and deposit it to the administrative hearings account under Minnesota Statutes, section 14.54. Transfers may occur quarterly, based on quarterly cost and revenue reports, throughout the fiscal year, with final certification and reconciliation after each fiscal year. The total amount transferred under this subdivision must not exceed $200,000.

Subd. 4. **Expiration.** This section expires June 30, 2021.

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

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Sec. 18. **REPORT; COST-BENEFIT ANALYSIS OF ENERGY STORAGE SYSTEMS.**

(a) The commissioner of commerce must contract with an independent consultant selected through a request for proposal process to produce a report analyzing the potential costs and benefits of energy storage systems, as defined in Minnesota Statutes, section 216B.2422, subdivision 1, in Minnesota. The study may also include scenarios examining energy storage systems that are not capable of being controlled by a utility. The commissioner must engage a broad group of Minnesota stakeholders, including electric utilities and others, to develop and provide information for the report. The study must:

(1) identify and measure the different potential costs and savings produced by energy storage system deployment, including but not limited to:

(i) generation, transmission, and distribution facilities asset deferral or substitution;

(ii) impacts on ancillary services costs;

(iii) impacts on transmission and distribution congestion;

(iv) impacts on peak power costs;

(v) impacts on emergency power supplies during outages;

(vi) impacts on curtailment of renewable energy generators; and

(vii) reduced greenhouse gas emissions;

(2) analyze and estimate the:

(i) costs and savings to customers that deploy energy storage systems;

(ii) impact on the utility's ability to integrate renewable resources;

(iii) impact on grid reliability and power quality; and

(iv) effect on retail electric rates over the useful life of a given energy storage system compared to providing the same services using other facilities or resources;

(3) consider the findings of analysis conducted by the Midcontinent Independent System Operator on energy storage capacity accreditation and participation in regional energy markets, including updates of the analysis; and

(4) include case studies of existing energy storage applications currently providing the benefits described in clauses (1) and (2).

(b) By May 1, 2019, the commissioner of commerce must submit the study to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over energy policy and finance.

Sec. 19. **REPEALER.**

Minnesota Statutes 2016, section 216B.2423, is repealed.

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

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ARTICLE 6

JOBS AND ECONOMIC GROWTH

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to the appropriations in Laws 2017, chapter 94, and appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal year indicated for each purpose. The figures "2018" and "2019" used in this article mean that the addition to the appropriations listed under them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively. "The first year" is fiscal year 2018. "The second year" is fiscal year 2019.

	APPROPRIATIONS Available for the Year Ending June 30	
	2018	**2019**
Sec. 2. **DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**		
Subdivision 1. **Total Appropriation**	**$ -0-**	**$ 16,550,000**

Appropriations by Fund

	2018	2019
General	-0-	16,500,000
Workforce Development	-0-	50,000

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

Subd. 2. **Business and Community Development**	-0-	1,500,000

$1,500,000 in fiscal year 2019 is for a grant to the city of Cambridge for costs associated with relocating and constructing a propane distribution facility and for costs associated with demolition, cleanup and restoration of the existing propane facility. Eligible costs include: land acquisition, site preparation and improvements, moving expenses, building construction, rail construction, rail switch construction, demolition, environmental remediation, engineering, and other necessary site improvements. This is a onetime appropriation and is available until the project is completed or abandoned subject to Minnesota Statutes, section 16A.642.

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Subd. 3. **Broadband Development** -0- 15,000,000

$15,000,000 in fiscal year 2019 is for transfer to the border-to-border broadband fund account in the special revenue fund established under Minnesota Statutes, section 116J.396 and may be used for purposes provided in Minnesota Statutes, section 116J.395. This appropriation is onetime and is available until spent. Of this appropriation, up to three percent is for costs incurred by the commissioner to administer Minnesota Statutes, section 116J.395. Administrative costs may include the following activities related to measuring progress toward the state's broadband goals established in Minnesota Statutes, section 237.012:

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

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

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

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

Subd. 4. **Workforce Development** -0- 50,000

$50,000 in fiscal year 2019 is from the workforce development fund for a grant to the Cook County Higher Education Board to provide educational programming and academic support services to remote regions in northeastern Minnesota. This is a onetime appropriation and is in addition to other funds previously appropriated to the board.

Sec. 3. **DEPARTMENT OF COMMERCE**

Subdivision 1. **Total Appropriation** **$** **-0-** **$** **150,000**

Appropriations by Fund

2018 2019

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Special Revenue	-0-	150,000

Subd. 2. **Energy Resources** **$** **-0-** **$** **150,000**

Appropriations by Fund

	2018	2019
Special Revenue	-0-	150,000

$150,000 the second year is from the renewable development account in the special revenue fund established in Minnesota Statutes, section 116C.779, subdivision 1, to conduct an energy storage systems cost-benefit analysis. This is a onetime appropriation.

Sec. 4. Laws 2017, chapter 94, article 1, section 2, subdivision 2, as amended by Laws 2017, First Special Session chapter 7, section 2, is amended to read:

Subd. 2. **Business and Community Development** $ 46,074,000 $ ~~40,935,000~~ 39,435,000

Appropriations by Fund

General	$43,363,000	~~$38,424,000~~ $36,924,000
Remediation	$700,000	$700,000
Workforce Development	$1,861,000	$1,811,000
Special Revenue	$150,000	-0-

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

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

(1) training, lending, and business services;

(2) model outreach and training in greater Minnesota; and

(3) development of new business incubators.

This is a onetime appropriation.

(c) $1,175,000 each year is for a grant to the Metropolitan Economic Development Association (MEDA) for statewide business development and assistance services, including services to entrepreneurs

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with businesses that have the potential to create job opportunities for unemployed and underemployed people, with an emphasis on minority-owned businesses. This is a onetime appropriation.

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

(e)(1) $12,500,000 each year is for the Minnesota investment fund under Minnesota Statutes, section 116J.8731. Of this amount, the commissioner of employment and economic development may use up to three percent for administration and monitoring of the program. This appropriation is available until spent.

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

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

(4) Of the amount appropriated in fiscal year 2019, $1,000,000 is for a grant to the city of Minnetonka for a forgivable loan to a high-risk, high-return jobs retention and creation initiative to be conducted by a local business that produces lactic acid/lactate, to help grow and expand the bioeconomy in Minnesota. The grant under this section is not subject to the limitations under Minnesota Statutes, section 116J.8731, subdivision 5, or the performance goals, contractual obligations, and other requirements under Minnesota Statutes, sections 116J.8731, subdivision 7; 116J.993;

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and 116J.994. Grant funds are available until June 30, 2021.

(5) Of the amount appropriated in fiscal year 2019, $1,000,000 is for a loan to a paper mill in Duluth to support the operation and manufacture of packaging paper grades. The company that owns the paper mill must spend $15,000,000 on expansion activities by December 31, 2019, in order to be eligible to receive funds in this appropriation. This appropriation is onetime and may be used for the mill's equipment, materials, supplies, and other operating expenses. The commissioner of employment and economic development shall forgive a portion of the loan each year after verification that the mill has retained 195 full-time jobs over a period of five years and has satisfied other performance goals and contractual obligations as required under Minnesota Statutes, section 116J.8731.

(f) $8,500,000 ~~each year is~~ in fiscal year 2018 and $7,000,000 in fiscal year 2019 are for the Minnesota job creation fund under Minnesota Statutes, section 116J.8748. Of this amount, the commissioner of employment and economic development may use up to three percent for administrative expenses. This appropriation is available until expended. In fiscal year 2020 and beyond, the base amount is $8,000,000.

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

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

(i) $163,000 each year is for the Minnesota Film and TV Board. The appropriation in each year is available only upon receipt by the board of $1 in matching contributions of money or in-kind contributions from nonstate sources for every $3 provided by this appropriation, except that each year up to $50,000 is available on July 1 even if the required matching contribution has not been received by that date.

(j) $500,000 each year is from the general fund for a grant to the Minnesota Film and TV Board for the film production jobs program under Minnesota Statutes, section 116U.26. This appropriation is available until June 30, 2021.

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

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

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

(m) $876,000 the first year and $500,000 the second year are for the Minnesota emerging entrepreneur loan program under Minnesota Statutes, section 116M.18. Funds available under this paragraph are for transfer into the emerging entrepreneur program special revenue fund account created under Minnesota Statutes, chapter 116M, and are available until spent. Of this amount, up to four percent is for administration and monitoring of the program. In fiscal year 2020 and beyond, the base amount is $1,000,000.

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

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

(p) $275,000 in fiscal year 2018 is from the general fund to the commissioner of employment and economic development for a grant to Community and Economic Development Associates (CEDA) for an economic development study and analysis of the effects of current and projected economic growth in southeast Minnesota. CEDA shall report on the findings and recommendations of the study to the committees of

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the house of representatives and senate with jurisdiction over economic development and workforce issues by February 15, 2019. All results and information gathered from the study shall be made available for use by cities in southeast Minnesota by March 15, 2019. This appropriation is available until June 30, 2020.

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

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

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

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

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

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

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

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

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

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

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

(z) $319,000 in fiscal year 2018 is from the general fund for a grant to the East Phillips Improvement Coalition to create the East Phillips Neighborhood Institute (EPNI) to expand culturally tailored resources that address small business growth and create green jobs. The grant shall fund the collaborative work of Tamales y Bicicletas, Little Earth of the United Tribes, a nonprofit serving East Africans, and other coalition members towards developing EPNI as a community space to host activities including, but not limited to, creation and expansion of small businesses, culturally specific entrepreneurial activities, indoor urban farming, job training, education, and skills development for residents of this low-income, environmental justice designated neighborhood. Eligible uses for grant funds include, but are not

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limited to, planning and start-up costs, staff and consultant costs, building improvements, rent, supplies, utilities, vehicles, marketing, and program activities. The commissioner shall submit a report on grant activities and quantifiable outcomes to the committees of the house of representatives and the senate with jurisdiction over economic development by December 15, 2020. This appropriation is available until June 30, 2020.

(aa) $150,000 the first year is from the renewable development account in the special revenue fund established in Minnesota Statutes, section 116C.779, subdivision 1, to conduct the biomass facility closure economic impact study.

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

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

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

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(dd)(1) $250,000 in fiscal year 2018 is for a grant to the Small Business Development Center hosted at Minnesota State University, Mankato, for a collaborative initiative with the Regional Center for Entrepreneurial Facilitation. Funds available under this section must be used to provide entrepreneur and small business development direct professional business assistance services in the following counties in Minnesota: Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Watonwan, and Waseca. For the purposes of this section, "direct professional business assistance services" must include, but is not limited to, pre-venture assistance for individuals considering starting a business. This appropriation is not available until the commissioner determines that an equal amount is committed from nonstate sources. Any balance in the first year does not cancel and is available for expenditure in the second year.

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

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

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

Sec. 5. Laws 2017, chapter 94, article 1, section 2, subdivision 3, is amended to read:

Subd. 3. **Workforce Development**	$ 31,498,000	$ 30,231,000
Appropriations by Fund		
General	$6,239,000	$5,889,000
Workforce Development	$25,259,000	$24,342,000

(a) $500,000 each year is for the youth-at-work competitive grant program under Minnesota Statutes, section 116L.562. Of this amount, up to five percent is for administration and monitoring of the youth

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workforce development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year. In fiscal year 2020 and beyond, the base amount is $750,000.

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

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

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

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

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

(3) increase the number of summer internship opportunities;

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

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

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

Programs and services supported by grant funds must give priority to individuals and groups that are

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economically disadvantaged or historically underrepresented in the construction industry, including but not limited to women, veterans, and members of minority and immigrant groups.

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

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

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

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

(i) $250,000 each year is for a grant to the American Indian Opportunities and Industrialization Center, in collaboration with the Northwest Indian Community Development Center, to reduce academic disparities for American Indian students and adults. This is a

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onetime appropriation. The grant funds may be used to provide:

(1) student tutoring and testing support services;

(2) training in information technology;

(3) assistance in obtaining a GED;

(4) remedial training leading to enrollment in a postsecondary higher education institution;

(5) real-time work experience in information technology fields; and

(6) contextualized adult basic education.

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

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

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

(l) $1,350,000 each year is from the workforce development fund for a grant to the Minnesota High Tech Association to support SciTechsperience, a program that supports science, technology, engineering, and math (STEM) internship opportunities for two- and four-year college students and graduate students in their field of study. The internship opportunities must match students with paid internships within STEM disciplines at small, for-profit companies located in Minnesota, having fewer than 250 employees worldwide. At least 300 students must be matched in the first year and at least 350 students must be matched in the second year. No more than 15 percent of the hires may be graduate students. Selected hiring companies shall receive from the grant 50 percent of the wages paid to the intern, capped at $2,500 per intern. The program must work toward increasing the participation of women or other underserved populations. This is a onetime appropriation.

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

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

(o) $750,000 each year is from the workforce development fund for a grant to the Minnesota Alliance of Boys and Girls Clubs to administer a statewide project of youth job skills and career development. This project, which may have career guidance components including health and life skills, is designed to encourage, train, and assist youth in early access to education and job-seeking skills, work-based learning experience including career pathways in STEM learning, career exploration and matching, and first job placement through local community partnerships and on-site job opportunities. This grant requires a 25 percent match from nonstate resources. This is a onetime appropriation.

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

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

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

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education development fast track and adult diploma program. This is a onetime appropriation.

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

(t) $750,000 each year is from the workforce development fund for a grant to Latino Communities United in Service (CLUES) to expand culturally tailored programs that address employment and education skill gaps for working parents and underserved youth by providing new job skills training to stimulate higher wages for low-income people, family support systems designed to reduce intergenerational poverty, and youth programming to promote educational advancement and career pathways. At least 50 percent of this amount must be used for programming targeted at greater Minnesota. This is a onetime appropriation.

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

(v) $1,297,000 in the first year and $800,000 in the second year are from the workforce development fund for performance grants under Minnesota Statutes, section 116J.8747, to Twin Cities R!SE to provide training to hard-to-train individuals. Of the amounts appropriated, $497,000 in fiscal year 2018 is for a grant to Twin Cities R!SE, in collaboration with Metro Transit and Hennepin Technical College for the Metro Transit technician training program. This is a onetime appropriation and funds are available until June 30, 2020.

(w) $230,000 in fiscal year 2018 is from the workforce development fund for a grant to the Bois Forte Tribal Employment Rights Office (TERO) for an American Indian workforce development training pilot project. This is a onetime appropriation and is available until June 30, 2019. Funds appropriated the first year are available for use in the second year of the biennium.

(x) $40,000 in fiscal year 2018 is from the workforce development fund for a grant to the Cook County Higher Education Board to provide educational programming and academic support services to remote

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regions in northeastern Minnesota. This appropriation is in addition to other funds previously appropriated to the board.

(y) $250,000 each year is from the workforce development fund for a grant to Bridges to Healthcare to provide career education, wraparound support services, and job skills training in high-demand health care fields to low-income parents, nonnative speakers of English, and other hard-to-train individuals, helping families build secure pathways out of poverty while also addressing worker shortages in one of Minnesota's most innovative industries. Funds may be used for program expenses, including, but not limited to, hiring instructors and navigators; space rental; and supportive services to help participants attend classes, including assistance with course fees, child care, transportation, and safe and stable housing. In addition, up to five percent of grant funds may be used for Bridges to Healthcare's administrative costs. This is a onetime appropriation and is available until June 30, 2020.

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

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

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

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

(aa) $4,050,000 each year is from the workforce development fund for the Minnesota youth program

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under Minnesota Statutes, sections 116L.56 and 116L.561.

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

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

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

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

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

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

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

(2) The competitive employment for transition-age youth pilot program shall include career guidance components, including health and life skills, to encourage, train, and assist transition-age youth in job-seeking skills, workplace orientation, and job site knowledge.

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

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

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

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

(kk) $350,000 in fiscal year 2018 is for a grant to AccessAbility Incorporated to provide job skills training to individuals who have been released from incarceration for a felony-level offense and are no more than 12 months from the date of release. AccessAbility Incorporated shall annually report to the commissioner on how the money was spent and the results achieved. The report must include, at a minimum, information and data about the number of participants; participant homelessness, employment, recidivism, and child support compliance; and training provided to program participants.

Sec. 6. Laws 2017, chapter 94, article 1, section 4, subdivision 5, is amended to read:

Subd. 5. **General Support**	6,239,000	6,539,000

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	Appropriations by Fund	
Workforce Development Fund	200,000	500,000
Workers' Compensation	6,039,000	6,039,000

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

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

(c) $500,000 in fiscal year 2019 is from the workforce development fund to administer the youth skills training program under Minnesota Statutes, section 175.46. The commissioner shall award up to five grants each year to local partnerships located throughout the state, not to exceed $100,000 per local partnership grant. The commissioner may use ~~a portion~~ up to five percent of this appropriation for administration of the grant program. The base amount for this program is ~~$500,000~~ $1,000,000 each year beginning in fiscal year 2020.

Sec. 7. Laws 2017, chapter 94, article 1, section 6, is amended to read:

Sec. 6. **WORKERS' COMPENSATION COURT OF APPEALS**	**$**	**1,913,000**	**$**	**~~1,913,000~~ 1,946,000**

This appropriation is from the workers' compensation fund.

Sec. 8. Laws 2017, chapter 94, article 1, section 7, subdivision 7, is amended to read:

Subd. 7. **Energy Resources**		4,847,000		4,847,000

	Appropriations by Fund	
General	4,247,000	4,247,000
Special Revenue	600,000	600,000

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

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must be done in conjunction with federal weatherization assistance program services.

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

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

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

Sec. 9. Laws 2017, chapter 94, article 1, section 9, is amended to read:

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

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

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

(c) $900,000 in fiscal year 2018 is for a grant to the Clear Lake-Clearwater Sewer Authority to remove and replace the existing wastewater treatment facility. This project is intended to prevent the discharge of phosphorus into the Mississippi River. This appropriation is not available until the commissioner of management and budget determines that at least

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$200,000 is committed to the project from nonstate sources and the authority has applied for at least two grants to offset the cost. An amount equal to any grant money received by the authority must be returned to the general fund. This appropriation is available until June 30, 2019.

ARTICLE 7

ECONOMIC DEVELOPMENT

Section 1. Minnesota Statutes 2017 Supplement, section 298.227, is amended to read:

298.227 TACONITE ECONOMIC DEVELOPMENT FUND.

An amount equal to that distributed pursuant to each taconite producer's taxable production and qualifying sales under section 298.28, subdivision 9a, shall be held by the commissioner of Iron Range resources and rehabilitation in a separate taconite economic development fund for each taconite and direct reduced ore producer. Money from the fund for each producer shall be released by the commissioner after review by a joint committee consisting of an equal number of representatives of the salaried employees and the nonsalaried production and maintenance employees of that producer. The District 11 director of the United States Steelworkers of America, on advice of each local employee president, shall select the employee members. In nonorganized operations, the employee committee shall be elected by the nonsalaried production and maintenance employees. The review must be completed no later than six months after the producer presents a proposal for expenditure of the funds to the committee. The funds held pursuant to this section may be released only for workforce development ~~and associated public facility improvement~~, concurrent reclamation, ~~or for acquisition of~~ plant and stationary mining equipment and facilities for the producer or for research and development in Minnesota on new mining, or taconite, iron, or steel production technology, but only if the producer provides a matching expenditure equal to the amount of the distribution to be used for the same purpose ~~beginning with distributions in 2014. Effective for proposals for expenditures of money from the fund beginning May 26, 2007, the commissioner may not release the funds before the next scheduled meeting of the board~~. If a proposed expenditure is not approved by the commissioner, after consultation with the advisory board, the funds must be deposited in the Taconite Environmental Protection Fund under sections 298.222 to 298.225. If a taconite production facility is sold after operations at the facility had ceased, any money remaining in the fund for the former producer may be released to the purchaser of the facility on the terms otherwise applicable to the former producer under this section. If a producer fails to provide matching funds for a proposed expenditure within six months after the commissioner approves release of the funds, the funds ~~are available for release to another producer in proportion to the distribution provided and under the conditions of this section~~ may be released by the commissioner for deposit in the taconite area environmental protection fund created in section 298.223. Any portion of the fund which is not released by the commissioner within one year of its deposit in the fund shall be ~~divided between~~ distributed to the taconite environmental protection fund ~~created in section 298.223 and the Douglas J. Johnson economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds shall be distributed to the taconite environmental protection fund and one-third to the Douglas J. Johnson economic protection trust fund~~.

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

Sec. 2. Minnesota Statutes 2016, section 298.28, subdivision 9a, is amended to read:

Subd. 9a. **Taconite economic development fund.** (a) 25.1 cents per ton for distributions in 2002 and thereafter must be paid to the taconite economic development fund. No distribution shall be made under this paragraph in 2004 or any subsequent year in which total industry production falls below 30 million tons.

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Distribution shall only be made to a Minnesota taconite pellet producer's fund under section 298.227 if the producer timely pays its tax under section 298.24 by the dates provided under section 298.27, or pursuant to the due dates provided by an administrative agreement with the commissioner.

(b) An amount equal to 50 percent of the tax under section 298.24 for concentrate sold in the form of pellet chips and fines not exceeding 5/16 inch in size and not including crushed pellets shall be paid to the taconite economic development fund. The amount paid shall not exceed $700,000 annually for all ~~companies~~ Minnesota taconite pellet producers. If the initial amount to be paid to the fund exceeds this amount, each ~~company's~~ Minnesota taconite pellet producer's payment shall be prorated so the total does not exceed $700,000.

EFFECTIVE DATE. This section is effective retroactively from December 31, 2016.

Sec. 3. Minnesota Statutes 2016, section 465.73, is amended to read:

465.73 LOAN FROM, SECURED BY U.S. AGRICULTURE DEPARTMENT AGENCY.

For purposes of constructing, repairing, or acquiring city halls, town halls, fire halls or fire or rescue equipment, or libraries or child care facilities if otherwise authorized by law, a statutory city, home rule charter city, county, or town may borrow not to exceed ~~$450,000~~ $750,000 from (i) funds granted to a rural electric cooperative organized under chapter 308A by the United States Department of Agriculture Rural Business-Cooperative Service or (ii) directly from or in the form of funds guaranteed by the Rural Housing Service or other agency of the United States Department of Agriculture by a note secured by a mortgage or other security agreement on the property purchased with the borrowed funds. The city, county, or town may pledge its full faith and credit and assign or pledge the revenues, if any, from the facilities or equipment so financed together with any other properly available funds to secure the loan. The obligation of the note is not to be included when computing the net debt of the city, county, or town, nor is the approval of the voters required for the issuance of the note.

Sec. 4. **TRANSFER 2018 DISTRIBUTION ONLY.**

For the 2018 distribution, the fund established under Minnesota Statutes, section 298.28, subdivision 7, shall receive ten cents per ton of any excess of the balance remaining after distribution of amounts required under Minnesota Statutes, section 298.28, subdivision 6.

EFFECTIVE DATE. This section is effective for the 2018 distribution, and the transfer must be made within ten days of the August 2018 payment.

Sec. 5. **DISLOCATED WORKER RAPID RESPONSE ACTIVITY.**

Notwithstanding anything to the contrary, of the money appropriated to the Job Skills Partnership Board for the purposes of Minnesota Statutes, section 116L.17, under Minnesota Statutes, section 116L.20, subdivision 2, at least $650,000 in fiscal year 2019 is for a grant to Career Solutions in St. Cloud to address the substantial anticipated job losses at the Electrolux plant in St. Cloud. These services shall be provided by Career Solutions. Grant funds may be used according to Minnesota Statutes, section 116L.17, subdivision 4, including, but not limited to, GED programs, English language courses, computer literacy efforts, and training in the manufacturing and construction trades. In addition, the commissioner of employment and economic development is directed to take all necessary steps, including application for any required federal waivers, to begin providing services to affected workers before December 31, 2018.

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Sec. 6. **REVISOR'S INSTRUCTION; PROGRAM NAME CLARIFICATION.**

In Minnesota Statutes, the revisor of statutes shall change the term "Minnesota investment fund" to "North Star Disaster Contingency Account" wherever it is apparent from context that the term "Minnesota investment fund" refers to the program under Minnesota Statutes, section 116J.8731, subdivisions 8 and 9.

ARTICLE 8

LABOR AND INDUSTRY

Section 1. Minnesota Statutes 2017 Supplement, section 175.46, subdivision 13, is amended to read:

Subd. 13. **Grant awards.** (a) The commissioner shall award grants to local partnerships located throughout the state, not to exceed $100,000 per local partnership grant. The commissioner may use up to five percent of this amount for administration of the grant program.

(b) A local partnership awarded a grant under this section must use the grant award for any of the following implementation and coordination activities:

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

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

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

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

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

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

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

Sec. 2. Minnesota Statutes 2016, section 326B.106, subdivision 9, is amended to read:

Subd. 9. **Accessibility.** (a) **Public buildings.** The code must ~~provide for making~~ require new public buildings ~~constructed or remodeled after July 1, 1963~~, and existing public buildings when remodeled, to be accessible to and usable by persons with disabilities~~, although this does not require the remodeling of public buildings solely to provide accessibility and usability to persons with disabilities when remodeling would not otherwise be undertaken~~.

(b) **Leased space.** No agency of the state may lease space for agency operations in a non-state-owned building unless the building satisfies the requirements of the State Building Code for accessibility by persons with disabilities, or is eligible to display the state symbol of accessibility. This limitation applies to leases of 30 days or more for space of at least 1,000 square feet.

(c) **Meetings or conferences.** Meetings or conferences for the public or for state employees which are sponsored in whole or in part by a state agency must be held in buildings that meet the State Building Code requirements relating to accessibility for persons with disabilities. This subdivision does not apply to any classes, seminars, or training programs offered by the Minnesota State Colleges and Universities or the University of Minnesota. Meetings or conferences intended for specific individuals none of whom need the

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accessibility features for persons with disabilities specified in the State Building Code need not comply with this subdivision unless a person with a disability gives reasonable advance notice of an intent to attend the meeting or conference. When sign language interpreters will be provided, meetings or conference sites must be chosen which allow participants who are deaf or hard-of-hearing to see the sign language interpreters clearly.

(d) **Exemptions.** The commissioner may grant an exemption from the requirements of paragraphs (b) and (c) in advance if an agency has demonstrated that reasonable efforts were made to secure facilities which complied with those requirements and if the selected facilities are the best available for access for persons with disabilities. Exemptions shall be granted using criteria developed by the commissioner in consultation with the Council on Disability.

(e) **Symbol indicating access.** The wheelchair symbol adopted by Rehabilitation International's Eleventh World Congress is the state symbol indicating buildings, facilities, and grounds which are accessible to and usable by persons with disabilities. In the interests of uniformity, this symbol is the sole symbol for display in or on all public or private buildings, facilities, and grounds which qualify for its use. The secretary of state shall obtain the symbol and keep it on file. No building, facility, or grounds may display the symbol unless it is in compliance with the rules adopted by the commissioner under subdivision 1. Before any rules are proposed for adoption under this paragraph, the commissioner shall consult with the Council on Disability. Rules adopted under this paragraph must be enforced in the same way as other accessibility rules of the State Building Code.

Sec. 3. Minnesota Statutes 2016, section 326B.815, subdivision 1, is amended to read:

Subdivision 1. **Fees.** (a) For the purposes of calculating fees under section 326B.092, an initial or renewed residential contractor, residential remodeler, or residential roofer license is a business license. Notwithstanding section 326B.092, the licensing fee for manufactured home installers under section 327B.041 is ~~$300~~ $180 for a three-year period.

(b) All initial and renewal licenses, except for manufactured home installer licenses, shall be effective for two years and shall expire on March 31 of the year after the year in which the application is made.

(c) The commissioner shall in a manner determined by the commissioner, without the need for any rulemaking under chapter 14, phase in the renewal of residential contractor, residential remodeler, and residential roofer licenses from one year to two years. By June 30, 2011, all renewed residential contractor, residential remodeler, and residential roofer licenses shall be two-year licenses.

Sec. 4. Minnesota Statutes 2016, section 327B.041, is amended to read:

327B.041 MANUFACTURED HOME INSTALLERS.

(a) Manufactured home installers are subject to all of the fees in section 326B.092 and the requirements of sections 326B.802 to 326B.885, except for the following:

(1) manufactured home installers are not subject to the continuing education requirements of sections 326B.0981, 326B.099, and 326B.821, but are subject to the continuing education requirements established in rules adopted under section 327B.10;

(2) the examination requirement of section 326B.83, subdivision 3, for manufactured home installers shall be satisfied by successful completion of a written examination administered and developed specifically for the examination of manufactured home installers. The examination must be administered and developed by the commissioner. The commissioner and the state building official shall seek advice on the grading, monitoring, and updating of examinations from the Minnesota Manufactured Housing Association;

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(3) a local government unit may not place a surcharge on a license fee, and may not charge a separate fee to installers;

(4) a dealer or distributor who does not install or repair manufactured homes is exempt from licensure under sections 326B.802 to 326B.885;

(5) the exemption under section 326B.805, subdivision 6, clause (5), does not apply; and

(6) manufactured home installers are not subject to the contractor recovery fund in section 326B.89.

(b) The commissioner may waive all or part of the requirements for licensure as a manufactured home installer for any individual who holds an unexpired license or certificate issued by any other state or other United States jurisdiction if the licensing requirements of that jurisdiction meet or exceed the corresponding licensing requirements of the department and the individual complies with section 326B.092, subdivisions 1 and 3 to 7. ~~For the purposes of calculating fees under section 326B.092, licensure as a manufactured home installer is a business license.~~

ARTICLE 9

WORKERS' COMPENSATION GENERAL

Section 1. Minnesota Statutes 2017 Supplement, section 15A.083, subdivision 7, is amended to read:

Subd. 7. **Workers' Compensation Court of Appeals and compensation judges.** Salaries of judges of the Workers' Compensation Court of Appeals are ~~98.52~~ 105 percent of the salary for ~~district court~~ workers' compensation judges of the Office of Administrative Hearings. The salary of the chief judge of the Workers' Compensation Court of Appeals is ~~98.52~~ 107 percent of the salary for ~~a chief district court judge~~ workers' compensation judges of the Office of Administrative Hearings. Salaries of compensation judges are 98.52 percent of the salary of district court judges.

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

Sec. 2. Minnesota Statutes 2016, section 175A.05, is amended to read:

175A.05 QUORUM.

Subdivision 1. **Judges' quorum.** A majority of the judges of the Workers' Compensation Court of Appeals shall constitute a quorum for the exercise of the powers conferred and the duties imposed on the Workers' Compensation Court of Appeals except that all appeals shall be heard by no more than a panel of three of the five judges unless the case appealed is determined to be of exceptional importance by the chief judge prior to assignment of the case to a panel, or by a three-fifths vote of the judges prior to assignment of the case to a panel or after the case has been considered by the panel but prior to the service and filing of the decision.

Subd. 2. **Vacancy.** A vacancy shall not impair the ability of the remaining judges of the Workers' Compensation Court of Appeals to exercise all the powers and perform all of the duties of the Workers' Compensation Court of Appeals.

Subd. 3. **Retired judges.** Where the number of Workers' Compensation Court of Appeals judges available to hear a case is insufficient to constitute a quorum, the chief judge of the Workers' Compensation Court of Appeals may, with the retired judge's consent, assign a judge who is retired from the Workers' Compensation Court of Appeals or the Office of Administrative Hearings to hear any case properly assigned to a judge of the Workers' Compensation Court of Appeals. The retired judge assigned to the case may act on it with the full powers of the judge of the Workers' Compensation Court of Appeals. A retired judge performing this service shall receive pay and expenses in the amount and manner provided by law for judges serving on the court, less the amount of retirement pay the judge is receiving under chapter 352 or 490.

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

Sec. 3. Minnesota Statutes 2016, section 176.231, subdivision 9, is amended to read:

Subd. 9. **Uses ~~which~~ that may be made of reports.** (a) Reports filed with the commissioner under this section may be used in hearings held under this chapter, and for the purpose of state investigations and for statistics. These reports are available to the Department of Revenue for use in enforcing Minnesota income tax and property tax refund laws, and the information shall be protected as provided in chapter 270B.

(b) The division or Office of Administrative Hearings or Workers' Compensation Court of Appeals may permit the examination of its file by the employer, insurer, employee, or dependent of a deceased employee or any person who furnishes ~~written~~ signed authorization to do so from the employer, insurer, employee, or dependent of a deceased employee. Reports filed under this section and other information the commissioner has regarding injuries or deaths shall be made available to the Workers' Compensation Reinsurance Association for use by the association in carrying out its responsibilities under chapter 79.

(c) The division may provide the worker identification number assigned under section 176.275, subdivision 1, without a signed authorization required under paragraph (b) to an:

(1) attorney who represents one of the persons described in paragraph (b);

(2) attorney who represents an intervenor or potential intervenor under section 176.361;

(3) intervenor; or

(4) employee's assigned qualified rehabilitation consultant under section 176.102.

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

Sec. 4. **[176.2611] COORDINATION OF THE OFFICE OF ADMINISTRATIVE HEARINGS' CASE MANAGEMENT SYSTEM AND THE WORKERS' COMPENSATION IMAGING SYSTEM.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the definitions in this subdivision apply unless otherwise specified.

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

(c) "Department" means the Department of Labor and Industry.

(d) "Document" includes all data, whether in electronic or paper format, that is filed with or issued by the office or department related to a claim-specific dispute resolution proceeding under this section.

(e) "Office" means the Office of Administrative Hearings.

Subd. 2. **Applicability.** This section governs filing requirements pending completion of the workers' compensation modernization program and access to documents and data in the office's case management system, the workers' compensation Informix imaging system, and the system that will be developed as a result of the workers' compensation modernization program. This section prevails over any conflicting provision in this chapter, Laws 1998, chapter 366, or corresponding rules.

Subd. 3. **Documents that must be filed with the office.** Except as provided in subdivision 4 and section 176.421, all documents that require action by the office under this chapter must be filed, electronically or in paper format, with the office as required by the chief administrative law judge. Filing a document that initiates or is filed in preparation for a proceeding at the office satisfies any requirement under this chapter that the document must be filed with the commissioner.

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Subd. 4. **Documents that must be filed with the commissioner.** (a) The following documents must be filed directly with the commissioner in the format and manner prescribed by the commissioner:

(1) all requests for an administrative conference under section 176.106, regardless of the amount in dispute;

(2) a motion to intervene in an administrative conference that is pending at the department;

(3) any other document related to an administrative conference that is pending at the department;

(4) an objection to a penalty assessed by the commissioner or the department;

(5) requests for medical and rehabilitation dispute certification under section 176.081, subdivision 1, paragraph (c), including related documents; and

(6) except as provided in this subdivision or subdivision 3, any other document required to be filed with the commissioner.

(b) The filing requirement in paragraph (a), clause (1), makes no changes to the jurisdictional provisions in section 176.106. A claim petition that contains only medical or rehabilitation issues, unless primary liability is disputed, is considered to be a request for an administrative conference and must be filed with the commissioner.

(c) The commissioner must refer a timely, unresolved objection to a penalty under paragraph (a), clause (4), to the office within 60 calendar days.

Subd. 5. **Form revision and access to documents and data.** (a) The commissioner must revise dispute resolution forms, in consultation with the chief administrative law judge, to reflect the filing requirements in this section.

(b) For purposes of this subdivision, "complete, read-only electronic access" means the ability to view all data and document contents, including scheduling information, related to workers' compensation disputes, except for the following:

(1) a confidential mediation statement, including any documents submitted with the statement for the mediator's review;

(2) work product of a compensation judge, mediator, or commissioner that is not issued. Examples of work product include personal notes of hearings or conferences and draft decisions;

(3) the department's Vocational Rehabilitation Unit's case management system data;

(4) the special compensation fund's case management system data; and

(5) audit trail information.

(c) The office must be provided with continued, complete, read-only electronic access to the workers' compensation Informix imaging system.

(d) The department must be provided with read-only electronic access to the office's case management system, including the ability to view all data, including scheduling information, but excluding access into filed documents.

(e) The office must send the department all documents that are accepted for filing or issued by the office. The office must send the documents to the department, electronically or by courier, within two business days of when the documents are accepted for filing or issued by the office.

(f) The department must place documents that the office sends to the department in the appropriate imaged file for the employee.

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(g) The department must send the office copies of the following documents, electronically or by courier, within two business days of when the documents are filed with or issued by the department:

(1) notices of discontinuance;

(2) decisions issued by the department; and

(3) mediated agreements.

(h) Upon integration of the office's case management system and the department's system resulting from the workers' compensation modernization program, each agency will be provided with complete, read-only electronic access to the other agency's system.

(i) Each agency's responsible authority pursuant to section 13.02, subdivision 16, is responsible for its own employees' use and dissemination of the data and documents in the workers' compensation Informix imaging system, the office's case management system, and the system developed as a result of the workers' compensation modernization program.

Subd. 6. **Data privacy.** (a) All documents filed with or issued by the department or the office under this chapter are private data on individuals and nonpublic data pursuant to chapter 13, except that the documents are available to the following:

(1) the office;

(2) the department;

(3) the employer;

(4) the insurer;

(5) the employee;

(6) the dependent of a deceased employee;

(7) an intervenor in the dispute;

(8) the attorney to a party in the dispute;

(9) a person who furnishes written authorization from the employer, insurer, employee, or dependent of a deceased employee; and

(10) a person, agency, or other entity allowed access to the documents under this chapter or other law.

(b) The office and department may post notice of scheduled proceedings on the agencies' Web sites and at their principal places of business in any manner that protects the employee's identifying information.

Subd. 7. **Workers' Compensation Court of Appeals.** The Workers' Compensation Court of Appeals has authority to amend its rules of procedure to reflect electronic filing with the office under this section for purposes of section 176.421, subdivision 5, and to allow electronic filing with the court under section 176.285. The court may amend its rules using the procedure in section 14.389.

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

Sec. 5. Laws 2017, chapter 94, article 1, section 6, is amended to read:

Sec. 6. **WORKERS' COMPENSATION COURT OF APPEALS**	**$**	**1,913,000**	**$**	~~**1,913,000**~~ **1,946,000**

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This appropriation is from the workers' compensation fund.

ARTICLE 10

HOSPITAL OUTPATIENT FEE SCHEDULE

Section 1. **[176.1364] WORKERS' COMPENSATION HOSPITAL OUTPATIENT FEE SCHEDULE.**

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

(b) "Addendum A" means the addendum entitled "OPPS APCs for CY 2018," or its successor, developed by the Centers for Medicare and Medicaid Services (Medicare) for use in the Medicare Hospital Outpatient Prospective Payment System (OPPS) system under Code of Federal Regulations, title 42, part 419, as may be amended from time to time.

(c) "Addendum B" means the addendum entitled "OPPS Payment by HCPCS Codes for CY 2018," or its successor, developed by the Centers for Medicare and Medicaid Services (Medicare) for use in the Medicare Hospital Outpatient Prospective Payment System (OPPS) system under Code of Federal Regulations, title 42, part 419, as may be amended from time to time.

(d) "HCPCS code" means a numeric or alphanumeric code included in the Centers for Medicare and Medicaid Services' Healthcare Common Procedure Coding System. A HCPCS code is used to identify a specific medical service.

(e) "Hospital" means a facility that is licensed by the Department of Health under section 144.50.

(f) "HOFS" means the workers' compensation hospital outpatient fee schedule established under subdivision 3.

(g) "Insurer" includes workers' compensation insurers and self-insured employers.

(h) "Services" includes articles, supplies, procedures, and implantable devices provided by the hospital with the service. Services are identified by a code described in subdivision 3.

Subd. 2. **Applicability.** (a) This section only applies to payment of charges for hospital outpatient services if the charges include a service listed in the workers' compensation hospital outpatient fee schedule established by the commissioner under subdivision 3. If the charges do not include a service listed in the HOFS, payment shall be:

(1) the liability for each service that is included in the workers' compensation relative value fee schedule as provided in section 176.136, subdivision 1a, and corresponding rules adopted by the commissioner to implement the relative value fee schedule; or

(2) the liability as provided in section 176.136, subdivision 1b, paragraphs (b) and (c), for each service that is not included in the workers' compensation relative value fee schedule.

(b) This section does not apply to outpatient services provided at a hospital that is certified by Medicare as a critical access hospital. Outpatient services provided by these hospitals shall be paid as provided in section 176.136, subdivision 1b, paragraph (a).

Subd. 3. **Hospital outpatient fee schedule (HOFS).** (a) Effective for hospital outpatient services on or after October 1, 2018, the commissioner shall establish a workers' compensation hospital outpatient fee schedule (HOFS) to establish the payment for hospital bills with charges for services with a J1 or J2 status indicator as listed in the status indicator (SI) column of Addendum B and the comprehensive observation services Ambulatory Payment Classification (APC) 8011 with a J2 status indicator in Addendum A. The

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commissioner shall publish a link to the HOFS in the State Register before October 1, 2018, and shall maintain the current HOFS on the department's Web site.

(b) The amount listed for each of the procedures in the HOFS as described in paragraph (a) shall be the relative weight for the procedure multiplied by a HOFS conversion factor that results in the same overall payment for hospital outpatient services under this section as the actual payments made in the most recent 12-month period available before the effective date of this section. The commissioner must establish separate conversion factors to achieve the same overall payment for noncritical access hospitals of 100 or fewer licensed beds and hospitals with more than 100 licensed beds. The commissioner shall establish the two conversion factors according to the requirements in clauses (1) to (4) in consultation with insurer and hospital representatives.

(1) The commissioner shall obtain a suitable sample of de-identified data for Minnesota workers' compensation outpatient cases at Minnesota hospitals for the most recently available 12-month period. The commissioner may obtain de-identified data from any reliable source, including Minnesota hospitals and insurers, or their representatives. Any data provided to the commissioner by a hospital, insurer, or their representative under this subdivision is nonpublic data under section 13.02, subdivision 9.

(2) The sample must be divided into a data set for hospitals over 100 licensed beds, and 100 or fewer licensed beds, excluding critical access hospitals.

(3) For each data set the commissioner shall:

(i) calculate the total amount of the actual payments made in the most recent 12-month period available before the effective date of this section, adjusted for inflation to July 2018; and

(ii) apply all of the payment provisions in this section to each claim including, as applicable, payment under the relative value fee schedule or 85 percent of the hospital's usual and customary charge under section 176.136, subdivisions 1a and 1b, to determine the total payment amount using the Medicare conversion factor in effect for the OPPS in effect on July 1, 2018.

(4) The commissioner shall calculate the Minnesota conversion factor to equal the Medicare conversion factor multiplied by the ratio of total payments under clause (3), item (i), divided by the total payments under clause (3), item (ii).

(c) For purposes of this section:

(1) the relative weight is the amount in the "relative weight" column in Addendum B and Addendum A for comprehensive observation services.

(2) references to J1, J2, and H status indicators; Addenda A and B; APC 8011; and HCPCS code G0378 includes any successor status indicators, addenda, APC, or HCPCS code established by the Centers for Medicare and Medicaid Services.

(d) On October 1 of each year, the commissioner shall adjust the HOFS conversion factors based on the market basket index for inpatient hospital services calculated by Medicare and published on its Web site. The adjustment on each October 1 shall be a percentage equal to the value of that index averaged over the four quarters of the most recent calendar year divided by the value of that index over the four quarters of the prior calendar year.

(e) No later than October 1, 2021, and at least once every three years thereafter, the commissioner shall update the HOFS established under this subdivision by incorporating services with a J1 or J2 status indicator, and the corresponding relative weights, listed in the Addenda A and B most recently available on Medicare's Web site as of the preceding July 1. If Addenda A and B are not available on Medicare's Web site on the preceding July 1, the HOFS most recently published on the department's Web site remains in effect.

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(1) Each time the HOFS is updated under this paragraph, the commissioner shall adjust the conversion factors so that there is no difference between the overall payment under the new HOFS and the overall payment under the HOFS most recently in effect, for services in both HOFSs.

(2) The conversion factor adjustments under this paragraph shall be made separately for each hospital category in paragraph (b).

(3) The conversion factor adjustments under this paragraph must be made before making any additional adjustment under paragraph (d).

(f) The commissioner shall give notice in the State Register of the adjusted conversion factor in paragraph (d) no later than October 1 annually. The commissioner shall give notice in the State Register of an updated HOFS under paragraph (e) no later than October 1 of the year in which the HOFS becomes effective. The notice must include a link to the HOFS published on the department's Web site. The notices, the updated fee schedules, and the adjusted conversion factors are not rules subject to chapter 14, but have the force and effect of law as of the effective date published in the State Register.

Subd. 4. **Payment under the hospital outpatient fee schedule.** (a) Services in the HOFS, and other hospital outpatient services provided with or as part of service in the HOFS, are paid according to paragraphs (b) and (c).

(b) If a hospital bill includes a charge for one or more services with a J1 status indicator, payment shall be as provided in this paragraph.

(1) If the bill includes a charge for only one service with only a J1 status indicator, payment shall be the amount listed in the HOFS for that service, regardless of the amount charged by the hospital.

(2) If the bill includes charges for more than one service with a J1 status indicator, the service with the highest listed fee in the HOFS shall be paid at 100 percent of the listed fee. Each additional service listed in the hospital outpatient fee shall be paid at 50 percent of the listed fee. Payment under this clause shall be based on the applicable percentage of the listed fee, regardless of the amount charged by the hospital.

(3) If the bill includes an additional charge for a service that does not have a J1 status indicator listed in the HOFS, no separate payment is made for the additional service. Payment for the additional service, including any service with a J2 status indicator, is packaged into and is not paid separately from the payment amount listed in the HOFS for the service with the J1 status indicator. Implantable devices are paid separately only as provided in subdivision 5.

(4) The insurer must not deny payment for any additional service packaged into payment for a service listed in the HOFS on the basis that the additional service was not reasonably required or causally related to an admitted work injury.

(c) If a hospital bill includes one or more charges for services with a J2 status indicator, and does not include any charges for services with a J1 status indicator, payment shall be as provided in this paragraph.

(1) Except for services packaged into an observation service as provided in clause (4), payment for each service with a J2 status indicator shall be the amount listed in the HOFS, regardless of the amount charged by the hospital.

(2) If a service without a HCPCS code is billed with a service with a J2 status indicator, payment is packaged into the payment for the J2 service.

(3) Payment for drugs with a HCPCS code is separate from payment for the service with the J2 code as provided in this clause.

(i) If the drug is delivered by injection or infusion, payment for the drug is packaged into payment for the injection or infusion service.

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(ii) If the drug is not delivered by injection or infusion, payment for the drug is paid at the Medicare Average Sales Price (ASP) of the drug on the day the drug is dispensed. No later than October 1, 2018, and October 1 of each subsequent year, the commissioner must publish on the department's Web site a link to the ASP most recently available as of the preceding July 1. If no ASP is available, the most recently posted ASP linked on the department's Web site remains in effect.

(4) If a bill includes eight or more units of service with the HCPCS code G0378 (observation services, per hour), and there is a physician's or dentist's order for observation, payment shall be the amount listed in the HOFS for the comprehensive observation services Ambulatory Payment Classification 8011, regardless of the amount charged by the hospital. All other services billed by the hospital, including other services with a J2 status indicator, are packaged into the payment amount and are not paid separately from the payment amount listed in the fee schedule for HCPCS code G0378.

(5) For any other service on the same bill as the service with a J2 status indicator, payment shall be as provided in subdivision 2, paragraph (a).

Subd. 5. **Implantable devices.** The maximum fee for any service in the HOFS includes payment for all implantable devices, even if the Medicare OPPS would otherwise allow separate payment for the implantable device. However, separate payment in the amount of 85 percent of the hospital's usual and customary charge for an implantable device is allowed if the implantable device:

(1) has an H status indicator in Addendum B;

(2) is properly charged on a bill with a service with a J1 status indicator in the HOFS; and

(3) is properly billed with another HCPCS code, if required by Medicare's OPPS system.

The commissioner shall update the HOFS each October 1 to include any HCPCS codes that are payable under this section according to the Addendum B most recently available on the preceding July 1.

Subd. 6. **Study.** (a) The commissioner shall conduct a study analyzing the percentage of claims with a service in the HOFS that were paid timely and the percentage of claims paid accurately. The commissioner must report the results of the study and recommendations to the Workers' Compensation Advisory Council and chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over workers' compensation by January 15, 2021.

(b) Based on the results of the study, the WCAC shall consider whether there is a minimum 80 percent compliance in timeliness and accuracy of payments, and additional statutory amendments, including but not limited to:

(1) a maximum ten percent reduction in payments under the HOFS; and

(2) an increase in indemnity benefits to injured workers.

Subd. 7. **Rulemaking.** The commissioner may adopt or amend rules, using the authority in section 14.386, paragraph (a), to implement this section. The rules are not subject to expiration under section 14.386, paragraph (b).

EFFECTIVE DATE. This section is effective for hospital outpatient services provided on or after October 1, 2018.

ARTICLE 11

OUTPATIENT BILLING, PAYMENT, AND DISPUTE RESOLUTION

Section 1. Minnesota Statutes 2016, section 176.136, subdivision 1b, is amended to read:

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Subd. 1b. **Limitation of liability.** (a) The liability of the employer for treatment, articles, and supplies provided to an employee while an inpatient or outpatient at a Critical Access Hospital certified by the Centers for Medicare and Medicaid Services~~, or while an outpatient at a hospital with 100 or fewer licensed beds,~~ shall be the hospital's usual and customary charge, unless the charge is determined by the commissioner or a compensation judge to be unreasonably excessive.

(b) The liability of the employer for the treatment, articles, and supplies that are not limited by paragraph (a), subdivision 1a~~,~~ or 1c, ~~or~~ section 176.1362, 176.1363, or 176.1364, shall be limited to 85 percent of the provider's usual and customary charge, or 85 percent of the prevailing charges for similar treatment, articles, and supplies furnished to an injured person when paid for by the injured person, whichever is lower, except as provided in paragraph (e). On this basis, the commissioner or compensation judge may determine the reasonable value of all treatment, services, and supplies, and the liability of the employer is limited to that amount. The commissioner may by rule establish the reasonable value of a service, article, or supply in lieu of the 85 percent limitation in this paragraph. A prevailing charge established under Minnesota Rules, part 5221.0500, subpart 2, must be based on no more than two years of billing data immediately preceding the date of the service.

(c) The limitation of liability for charges provided by paragraph (b) does not apply to a nursing home that participates in the medical assistance program and whose rates are established by the commissioner of human services.

(d) An employer's liability for treatment, articles, and supplies provided under this chapter by a health care provider located outside of Minnesota is limited to the payment that the health care provider would receive if the treatment, article, or supply were paid under the workers' compensation law of the jurisdiction in which the treatment was provided.

(e) The limitation of the employer's liability based on 85 percent of prevailing charge does not apply to charges by an ambulatory surgical center as defined in section 176.1363, subdivision 1, paragraph (b), or a hospital as defined in section 176.1364, subdivision 1, paragraph (e).

(f) For purposes of this chapter, "inpatient" means a patient that has been admitted to a hospital by an order from a physician or dentist. If there is no inpatient admission order, the patient is deemed an outpatient. The hospital must provide documentation of an inpatient order upon the request of the employer.

EFFECTIVE DATE. This section is effective for treatment, articles, and supplies provided on or after October 1, 2018.

Sec. 2. **[176.1365] OUTPATIENT BILLING, PAYMENT, AND DISPUTE RESOLUTION.**

Subdivision 1. **Scope.** This section applies to billing, payment, and dispute resolution for services provided by an ambulatory surgical center (ASC) under section 176.1363 and hospital outpatient services under section 176.1364. For purposes of this section, "insurer" includes self-insured employer and "services" is as defined in section 176.1364.

Subd. 2. **Outpatient billing, coding, and prior notification.** (a) Ambulatory surgical centers and hospitals must bill workers' compensation insurers for services governed by sections 176.1363 and 176.1364 using the same codes, formats, and details that are required for billing the Medicare program, including coding consistent with the American Medical Association Current Procedural Terminology coding system and Medicare's Ambulatory Surgical Center Payment System, Outpatient Prospective Payment System, Outpatient Code Editor, Healthcare Current Procedural Terminology Coding System, and the National Correct Coding Initiative Policy Manual for Medicare Services and associated Web page and tables.

(b) All charges for ASC or hospital outpatient fee schedule services governed by sections 176.1363 and 176.1364 must be submitted to the insurer on the appropriate electronic transaction required by section 176.135, subdivisions 7 and 7a. ASCs must submit charges on the electronic 837P form. ASCs must not

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separately bill for the services and items included in the ASC facility fee under Code of Federal Regulations, title 42, section 416.164(a). Minnesota Rules, part 5221.4033, subpart 1a, does not apply to ASCs under this section, but does apply to hospital outpatient facility fees to the extent they are not covered by the hospital outpatient fee schedule under section 176.1364.

(c) Hospitals, ASCs, and insurers must comply with the prior notification and approval or authorization requirements specified in Minnesota Rules, part 5221.6050, subpart 9. Prior notification may be provided by either the hospital, ASC, or the surgeon. For purposes of prior notification under Minnesota Rules, part 5221.6050, subpart 9, "inpatient" has the meaning as provided under section 176.136, subdivision 1b, paragraph (d).

(d) ASC or hospital bills must be submitted to insurers as required by section 176.135, subdivisions 7 and 7a, and within the time period required by section 62Q.75, subdivision 3. Insurers must respond to the initial bill as provided in section 176.135, subdivisions 6 and 7a. Copies of any records or reports relating to the items for which payment is sought are separately payable as provided in section 176.135, subdivision 7, paragraph (a).

Subd. 3. **ASC or hospital request for reconsideration; insurer response; time frames.** (a) Following receipt of the insurer's explanation of review (EOR) or explanation of benefits (EOB), the ASC or hospital may request reconsideration of a payment denial or reduction. The ASC or hospital must submit its request for reconsideration in writing to the insurer within one year of the date of the EOR or EOB.

(b) The insurer must issue a written response to the ASC or hospital's request for reconsideration within 30 days, as provided in section 176.135, subdivision 6. The written response must address the issues raised by the request for reconsideration and not simply reiterate the information on the EOR or EOB.

Subd. 4. **Insurer request for reimbursement of overpayment; time frame.** If the payer determines it has overpaid an ASC or hospital's charges based on workers' compensation statutes and rules, the payer must submit its request for reimbursement in writing to the ASC or hospital within one year of the date of the payment.

Subd. 5. **Medical requests for administrative conference; time frame to file.** (a) An ASC, hospital, or insurer must notify the provider or payer, as applicable, of its intent to file a medical request for an administrative conference under section 176.106 at least 20 days before filing one with the department. The insurer, or the ASC or hospital if permitted by section 176.136, subdivision 2, must file the medical request for an administrative conference no later than the latest of:

(1) one year after the date of the initial EOR or EOB if the ASC or hospital does not request a reconsideration of a payment denial or reduction under subdivision 3;

(2) one year after the date of the insurer's response to the ASC or hospital's request for reconsideration under subdivision 3; or

(3) one year after the insurer's request for reimbursement of an overpayment from an ASC or hospital under subdivision 4.

(b) Paragraph (a) does not prohibit an employee from filing a medical request for assistance or claim petition for the payment denied or reduced by the insurer. However, the ASC or hospital may not bill the employee for the denied or reduced payment when prohibited by this chapter.

Subd. 6. **Interest.** (a) An insurer must pay the ASC or hospital interest at an annual rate of four percent if it is determined that the insurer is liable for additional ASC or hospital charges following a denial of payment. Interest is payable by the insurer on the additional amount owed from the date payment was due.

(b) An ASC or hospital must pay the insurer interest at an annual rate of four percent if it is determined that the hospital owes the insurer reimbursement following the insurer's request for reimbursement of an

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overpayment. Interest is payable by the ASC or hospital on the amount of the overpayment from the date the overpayment was made.

EFFECTIVE DATE. This section is effective for services provided on or after October 1, 2018.

ARTICLE 12

AMBULATORY SURGICAL CENTERS

Section 1. **[176.1363] AMBULATORY SURGICAL CENTER PAYMENT.**

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

(b) "Ambulatory surgical center" or "ASC" means a facility that is: (1) certified as an ASC by the Centers for Medicare and Medicaid Services; or (2) licensed by the Department of Health as a freestanding outpatient surgical center and not owned by a hospital.

(c) "Conversion factor" means the Medicare ambulatory surgical center payment system (ASCPS) conversion factor used for ASCs that meet the Medicare quality reporting requirements, whether or not the ASC submitting the bill has met the quality reporting requirements.

(d) "Covered surgical procedures and ancillary services" means the procedures listed in ASCPS, addendum AA, and the ancillary services integral to covered surgical procedures listed in ASCPS, addendum BB.

(e) "Insurer" includes workers' compensation insurers and self-insured employers.

(f) "Ambulatory surgical center payment system" or "ASCPS" means the system developed by the Centers for Medicare and Medicaid Services for payment of surgical services provided by federally certified ASCs as specified in:

(1) Code of Federal Regulations, title 42, part 416, including without limitation the geographic adjustment for the ASC and the multiple surgical procedure reduction rule;

(2) annual revisions to Code of Federal Regulations, title 42, part 416, as published in the Federal Register;

(3) the corresponding addendum AA (final ASC covered surgical procedures), addendum BB (final covered ancillary services integral to covered surgical procedures), addendum DD1 (final ASC payment indicators), and any successor or replacement addenda; and

(4) the Medicare claims processing manual.

(g) "Medicare ASCPS payment" means the Medicare ASCPS payment used for ASCs that meet the Medicare quality reporting requirements, whether or not the ASC submitting the bill has met the Medicare quality reporting requirements.

Subd. 2. **Payment for covered surgical procedures and ancillary services based on Medicare ASCPS.** (a) Except as provided in subdivisions 3 and 4, the payment to the ASC for covered surgical procedures and ancillary services shall be the lesser of:

(1) the ASC's usual and customary charge for all services, supplies, and implantable devices provided; or

(2) the Medicare ASCPS payment, times a multiplier of 320 percent.

(i) The amount payable under this clause includes payment for all implantable devices, even if the Medicare ASCPS would otherwise allow separate payment for the implantable device.

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(ii) The 320 percent described in this clause must be adjusted if, on July 1, 2019, or any subsequent July 1, the conversion factor is less than 98 percent of the conversion factor in effect on the previous July 1. When this occurs, the multiplier must be 320 percent times 98 percent divided by the percentage that the current Medicare conversion factor bears to the Medicare conversion factor in effect on the prior July 1. In subsequent years, the multiplier is 320 percent, unless the Medicare ASCPS conversion factor declines by more than two percent.

(b) Payment under this section is effective for covered surgical procedures and ancillary services provided by an ASC on or after October 1, 2018, through September 30, 2019, and shall be based on the addenda AA, BB, and DD1 most recently available on the Centers for Medicare and Medicaid Services Web site as of July 1, 2018, and the corresponding rules and Medicare claims processing manual described in subdivision 1, paragraph (f).

(1) Payment for covered surgical procedures and ancillary services provided by an ASC on or after each subsequent October 1 shall be based on the addenda AA, BB, and DD1 most recently available on the Centers for Medicare and Medicaid Services Web site as of the preceding July 1 and the corresponding rules and Medicare claims processing manual.

(2) If the Centers for Medicare and Medicaid Services has not updated addendum AA, BB, or DD1 on its Web site since the commissioner's previous notice under paragraph (c), the addenda identified in the notice published by the commissioner in paragraph (c) and the corresponding rules and Medicare claims processing manual shall remain in effect.

(3) Addenda AA, BB, and DD1 under this subdivision includes successor or replacement addenda.

(c) The commissioner shall annually give notice in the State Register of any adjustment to the multiplier under paragraph (a), clause (2), and of the applicable addenda in paragraph (b) no later than October 1. The notice must identify and include a link to the applicable addenda. The notices and any adjustment to the multiplier are not rules subject to chapter 14, but have the force and effect of law as of the effective date published in the State Register.

Subd. 3. **Payment for compensable surgical services not covered under ASCPS.** (a) If a surgical procedure provided by an ASC is compensable under this chapter but is not listed in addendum AA or BB of the Medicare ASCPS, payment must be 75 percent of the ASC's usual and customary charge for the procedure with the highest charge. Payment for each subsequent surgical procedure not listed in addendum AA or BB must be paid at 50 percent of the ASC's usual and customary charge.

(b) Payment must be 75 percent of the ASC's usual and customary charge for a surgical procedure or ancillary service if the procedure or service is listed in Medicare ASCPS addendum AA or BB and: (1) the payment indicator provides it is paid at a reasonable cost; (2) the payment indicator provides it is contractor priced; or (3) a payment rate is not otherwise provided.

Subd. 4. **Study.** The commissioner shall conduct a study analyzing the impact of the reforms, including timeliness and accuracy of payment under this section, and recommend further changes if needed. The commissioner must report the results of the study to the Workers' Compensation Advisory Council and the chairs and ranking minority members of the legislative committees with jurisdiction over workers' compensation by January 15, 2021.

Subd. 5. **Rulemaking.** The commissioner may adopt or amend rules using the authority in section 14.386, paragraph (a), to implement this section and the Medicare ASCPS for workers' compensation. The rules are not subject to expiration under section 14.386, paragraph (b).

EFFECTIVE DATE. This section is effective for procedures and services provided by an ASC on or after October 1, 2018, except subdivision 5 is effective the day following final enactment.

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ARTICLE 13

WORKERS' COMPENSATION BENEFITS

Section 1. Minnesota Statutes 2016, section 176.011, subdivision 15, is amended to read:

Subd. 15. **Occupational disease.** (a) "Occupational disease" means a mental impairment as defined in paragraph (d) or physical disease arising out of and in the course of employment peculiar to the occupation in which the employee is engaged and due to causes in excess of the hazards ordinary of employment and shall include undulant fever. Physical stimulus resulting in mental injury and mental stimulus resulting in physical injury shall remain compensable. Mental impairment is not considered a disease if it results from a disciplinary action, work evaluation, job transfer, layoff, demotion, promotion, termination, retirement, or similar action taken in good faith by the employer. Ordinary diseases of life to which the general public is equally exposed outside of employment are not compensable, except where the diseases follow as an incident of an occupational disease, or where the exposure peculiar to the occupation makes the disease an occupational disease hazard. A disease arises out of the employment only if there be a direct causal connection between the conditions under which the work is performed and if the occupational disease follows as a natural incident of the work as a result of the exposure occasioned by the nature of the employment. An employer is not liable for compensation for any occupational disease which cannot be traced to the employment as a direct and proximate cause and is not recognized as a hazard characteristic of and peculiar to the trade, occupation, process, or employment or which results from a hazard to which the worker would have been equally exposed outside of the employment.

(b) If immediately preceding the date of disablement or death, an employee was employed on active duty with an organized fire or police department of any municipality, as a member of the Minnesota State Patrol, conservation officer service, state crime bureau, as a forest officer by the Department of Natural Resources, state correctional officer, or sheriff or full-time deputy sheriff of any county, and the disease is that of myocarditis, coronary sclerosis, pneumonia or its sequel, and at the time of employment such employee was given a thorough physical examination by a licensed doctor of medicine, and a written report thereof has been made and filed with such organized fire or police department, with the Minnesota State Patrol, conservation officer service, state crime bureau, Department of Natural Resources, Department of Corrections, or sheriff's department of any county, which examination and report negatived any evidence of myocarditis, coronary sclerosis, pneumonia or its sequel, the disease is presumptively an occupational disease and shall be presumed to have been due to the nature of employment. If immediately preceding the date of disablement or death, any individual who by nature of their position provides emergency medical care, or an employee who was employed as a licensed police officer under section 626.84, subdivision 1; firefighter; paramedic; state correctional officer; emergency medical technician; or licensed nurse providing emergency medical care; and who contracts an infectious or communicable disease to which the employee was exposed in the course of employment outside of a hospital, then the disease is presumptively an occupational disease and shall be presumed to have been due to the nature of employment and the presumption may be rebutted by substantial factors brought by the employer or insurer. Any substantial factors which shall be used to rebut this presumption and which are known to the employer or insurer at the time of the denial of liability shall be communicated to the employee on the denial of liability.

(c) A firefighter on active duty with an organized fire department who is unable to perform duties in the department by reason of a disabling cancer of a type caused by exposure to heat, radiation, or a known or suspected carcinogen, as defined by the International Agency for Research on Cancer, and the carcinogen is reasonably linked to the disabling cancer, is presumed to have an occupational disease under paragraph (a). If a firefighter who enters the service after August 1, 1988, is examined by a physician prior to being hired and the examination discloses the existence of a cancer of a type described in this paragraph, the firefighter is not entitled to the presumption unless a subsequent medical determination is made that the firefighter no longer has the cancer.

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(d) For the purposes of this chapter, "mental impairment" means a diagnosis of post-traumatic stress disorder by a licensed psychiatrist or psychologist. For the purposes of this chapter, "post-traumatic stress disorder" means the condition as described in the most recently published edition of the Diagnostic and Statistical Manual of Mental Disorders by the American Psychiatric Association. For purposes of section 79.34, subdivision 2, one or more compensable mental impairment claims arising out of a single event or occurrence shall constitute a single loss occurrence.

(e) If, preceding the date of disablement or death, an employee who was employed on active duty as: a licensed police officer; a firefighter; a paramedic; an emergency medical technician; a licensed nurse employed to provide emergency medical services outside of a medical facility; a public safety dispatcher; an officer employed by the state or a political subdivision at a corrections, detention, or secure treatment facility; a sheriff or full-time deputy sheriff of any county; or a member of the Minnesota State Patrol is diagnosed with a mental impairment as defined in paragraph (d), and had not been diagnosed with the mental impairment previously, then the mental impairment is presumptively an occupational disease and shall be presumed to have been due to the nature of employment. This presumption may be rebutted by substantial factors brought by the employer or insurer. Any substantial factors that are used to rebut this presumption and that are known to the employer or insurer at the time of the denial of liability shall be communicated to the employee on the denial of liability. The mental impairment is not considered an occupational disease if it results from a disciplinary action, work evaluation, job transfer, layoff, demotion, promotion, termination, retirement, or similar action taken in good faith by the employer.

EFFECTIVE DATE. This section is effective for employees with dates of injury on or after January 1, 2019.

Sec. 2. Minnesota Statutes 2016, section 176.101, subdivision 2, is amended to read:

Subd. 2. **Temporary partial disability.** (a) In all cases of temporary partial disability the compensation shall be 66-2/3 percent of the difference between the weekly wage of the employee at the time of injury and the wage the employee is able to earn in the employee's partially disabled condition. This compensation shall be paid during the period of disability except as provided in this section, payment to be made at the intervals when the wage was payable, as nearly as may be, and subject to the maximum rate for temporary total compensation.

(b) Temporary partial compensation may be paid only while the employee is employed, earning less than the employee's weekly wage at the time of the injury, and the reduced wage the employee is able to earn in the employee's partially disabled condition is due to the injury. Except as provided in section 176.102, subdivision 11, paragraphs (b) and (c), temporary partial compensation may not be paid for more than ~~225~~ 275 weeks, or after 450 weeks after the date of injury, whichever occurs first.

(c) Temporary partial compensation must be reduced to the extent that the wage the employee is able to earn in the employee's partially disabled condition plus the temporary partial disability payment otherwise payable under this subdivision exceeds 500 percent of the statewide average weekly wage.

Sec. 3. Minnesota Statutes 2016, section 176.101, subdivision 2a, is amended to read:

Subd. 2a. **Permanent partial disability.** (a) Compensation for permanent partial disability is as provided in this subdivision. Permanent partial disability must be rated as a percentage of the whole body in accordance with rules adopted by the commissioner under section 176.105. The percentage determined pursuant to the rules must be multiplied by the corresponding amount in the following table:

Impairment Rating (percent)	Amount

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less than 5.5	$	~~75,000~~ 78,800
5.5 to less than 10.5		~~80,000~~ 84,000
10.5 to less than 15.5		~~85,000~~ 89,300
15.5 to less than 20.5		~~90,000~~ 94,500
20.5 to less than 25.5		~~95,000~~ 99,800
25.5 to less than 30.5		~~100,000~~ 105,000
30.5 to less than 35.5		~~110,000~~ 115,500
35.5 to less than 40.5		~~120,000~~ 126,000
40.5 to less than 45.5		~~130,000~~ 136,500
45.5 to less than 50.5		~~140,000~~ 147,000
50.5 to less than 55.5		~~165,000~~ 173,300
55.5 to less than 60.5		~~190,000~~ 199,500
60.5 to less than 65.5		~~215,000~~ 225,800
65.5 to less than 70.5		~~240,000~~ 252,000
70.5 to less than 75.5		~~265,000~~ 278,300
75.5 to less than 80.5		~~315,000~~ 330,800
80.5 to less than 85.5		~~365,000~~ 383,300
85.5 to less than 90.5		~~415,000~~ 435,800
90.5 to less than 95.5		~~465,000~~ 488,300
95.5 up to and including 100		~~515,000~~ 540,800

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An employee may not receive compensation for more than a 100 percent disability of the whole body, even if the employee sustains disability to two or more body parts.

(b) Permanent partial disability is payable upon cessation of temporary total disability under subdivision 1. If the employee requests payment in a lump sum, then the compensation must be paid within 30 days. This lump-sum payment may be discounted to the present value calculated up to a maximum five percent basis. If the employee does not choose to receive the compensation in a lump sum, then the compensation is payable in installments at the same intervals and in the same amount as the employee's temporary total disability rate on the date of injury. Permanent partial disability is not payable while temporary total compensation is being paid.

Sec. 4. Minnesota Statutes 2016, section 176.101, subdivision 4, is amended to read:

Subd. 4. **Permanent total disability.** For permanent total disability, as defined in subdivision 5, the compensation shall be 66-2/3 percent of the daily wage at the time of the injury, subject to a maximum weekly compensation equal to the maximum weekly compensation for a temporary total disability and a minimum weekly compensation equal to 65 percent of the statewide average weekly wage. This compensation shall be paid during the permanent total disability of the injured employee but after a total of $25,000 of weekly compensation has been paid, the amount of the weekly compensation benefits being paid by the employer shall be reduced by the amount of any disability benefits being paid by any government disability benefit program if the disability benefits are occasioned by the same injury or injuries which give rise to payments under this subdivision. This reduction shall also apply to any old age and survivor insurance benefits. Payments shall be made at the intervals when the wage was payable, as nearly as may be. In case an employee who is permanently and totally disabled becomes an inmate of a public institution, no compensation shall be payable during the period of confinement in the institution, unless there is wholly dependent on the employee for support some person named in section 176.111, subdivision 1, 2 or 3, in which case the compensation provided for in section 176.111, during the period of confinement, shall be paid for the benefit of the dependent person during dependency. The dependency of this person shall be determined as though the employee were deceased. Permanent total disability shall cease at age ~~67 because the employee is presumed retired from the labor market~~ 72, except that if an employee is injured after age 67, permanent total disability benefits shall cease after five years of those benefits have been paid. ~~This presumption is rebuttable by the employee. The subjective statement the employee is not retired is not sufficient in itself to rebut the presumptive evidence of retirement but may be considered along with other evidence.~~

Sec. 5. Minnesota Statutes 2016, section 176.102, subdivision 11, is amended to read:

Subd. 11. **Retraining; compensation.** (a) Retraining is limited to 156 weeks. An employee who has been approved for retraining may petition the commissioner or compensation judge for additional compensation not to exceed 25 percent of the compensation otherwise payable. If the commissioner or compensation judge determines that this additional compensation is warranted due to unusual or unique circumstances of the employee's retraining plan, the commissioner may award additional compensation in an amount not to exceed the employee's request. This additional compensation shall cease at any time the commissioner or compensation judge determines the special circumstances are no longer present.

(b) If the employee is not employed during a retraining plan that has been specifically approved under this section, temporary total compensation is payable for up to 90 days after the end of the retraining plan; except that, payment during the 90-day period is subject to cessation in accordance with section 176.101. If the employee is employed during the retraining plan but earning less than at the time of injury, temporary partial compensation is payable at the rate of 66-2/3 percent of the difference between the employee's weekly wage at the time of injury and the weekly wage the employee is able to earn in the employee's partially disabled condition, subject to the maximum rate for temporary total compensation. Temporary partial

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compensation is not subject to the ~~225-week~~ 275-week or 450-week limitations provided by section 176.101, subdivision 2, during the retraining plan, but is subject to those limitations before and after the plan.

(c) Any request for retraining shall be filed with the commissioner before 208 weeks of any combination of temporary total or temporary partial compensation have been paid. Retraining shall not be available after 208 weeks of any combination of temporary total or temporary partial compensation benefits have been paid unless the request for the retraining has been filed with the commissioner prior to the time the 208 weeks of compensation have been paid.

(d) The employer or insurer must notify the employee in writing of the 208-week limitation for filing a request for retraining with the commissioner. This notice must be given before 80 weeks of temporary total disability or temporary partial disability compensation have been paid, regardless of the number of weeks that have elapsed since the date of injury. If the notice is not given before the 80 weeks, the period of time within which to file a request for retraining is extended by the number of days the notice is late, but in no event may a request be filed later than 225 weeks after any combination of temporary total disability or temporary partial disability compensation have been paid. The commissioner may assess a penalty of $25 per day that the notice is late, up to a maximum penalty of $2,000, against an employer or insurer for failure to provide the notice. The penalty is payable to the commissioner for deposit in the assigned risk safety account.

Sec. 6. Minnesota Statutes 2016, section 176.83, subdivision 5, is amended to read:

Subd. 5. **Treatment standards for medical services.** (a) In consultation with the Medical Services Review Board or the rehabilitation review panel, the commissioner shall adopt rules establishing standards and procedures for health care provider treatment. The rules shall apply uniformly to all providers including those providing managed care under section 176.1351. The rules shall be used to determine whether a provider of health care services and rehabilitation services, including a provider of medical, chiropractic, podiatric, surgical, hospital, or other services, is performing procedures or providing services at a level or with a frequency that is excessive, unnecessary, or inappropriate under section 176.135, subdivision 1, based upon accepted medical standards for quality health care and accepted rehabilitation standards.

(b) The rules shall include, but are not limited to, the following:

(1) criteria for diagnosis and treatment of the most common work-related injuries including, but not limited to, low back injuries and upper extremity repetitive trauma injuries;

(2) criteria for surgical procedures including, but not limited to, diagnosis, prior conservative treatment, supporting diagnostic imaging and testing, and anticipated outcome criteria;

(3) criteria for use of appliances, adaptive equipment, and use of health clubs or other exercise facilities;

(4) criteria for diagnostic imaging procedures;

(5) criteria for inpatient hospitalization;

(6) criteria for treatment of chronic pain; ~~and~~

(7) criteria for the long-term use of opioids or other scheduled medications to alleviate intractable pain and improve function, including the use of written contracts between the injured worker and the health care provider who prescribes the medication~~.~~; and

(8) criteria for treatment of post-traumatic stress disorder. In developing such treatment criteria, the commissioner and the Medical Services Review Board shall consider the guidance set forth in the American Psychological Association's most recently adopted Clinical Practice Guideline for the Treatment of Posttraumatic Stress Disorder (PTSD) in Adults. The commissioner shall adopt such rules using the expedited rulemaking process in section 14.389, including subdivision 5, to commence promptly upon final enactment

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of the legislation enacting this clause. Such rules shall apply to employees with all dates of injury who receive treatment after the commissioner adopts the rules. In consultation with the Medical Services Review Board, the commissioner shall review and update the rules governing criteria for treatment of post-traumatic stress disorder each time the American Psychological Association adopts a significant change to their Clinical Practice Guideline for the Treatment of PTSD in Adults, using the expedited rulemaking process in section 14.389, including subdivision 5.

(c) If it is determined by the payer that the level, frequency, or cost of a procedure or service of a provider is excessive, unnecessary, or inappropriate according to the standards established by the rules, the provider shall not be paid for the procedure, service, or cost by an insurer, self-insurer, or group self-insurer, and the provider shall not be reimbursed or attempt to collect reimbursement for the procedure, service, or cost from any other source, including the employee, another insurer, the special compensation fund, or any government program unless the commissioner or compensation judge determines at a hearing or administrative conference that the level, frequency, or cost was not excessive under the rules in which case the insurer, self-insurer, or group self-insurer shall make the payment deemed reasonable.

(d) A rehabilitation provider who is determined by the rehabilitation review panel board, after hearing, to be consistently performing procedures or providing services at an excessive level or cost may be prohibited from receiving any further reimbursement for procedures or services provided under this chapter. A prohibition imposed on a provider under this subdivision may be grounds for revocation or suspension of the provider's license or certificate of registration to provide health care or rehabilitation service in Minnesota by the appropriate licensing or certifying body. The commissioner and Medical Services Review Board shall review excessive, inappropriate, or unnecessary health care provider treatment under section 176.103.

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

Sec. 7. **EFFECTIVE DATE.**

Unless otherwise specified, this article is effective for employees with dates of injury on or after October 1, 2018.

ARTICLE 14

UNEMPLOYMENT INSURANCE ADVISORY COUNCIL; POLICY

Section 1. Minnesota Statutes 2016, section 268.035, subdivision 12, is amended to read:

Subd. 12. **Covered employment.** (a) "Covered employment" means ~~the following unless excluded as "noncovered employment" under subdivision 20:~~

~~(1)~~ an employee's entire employment during the calendar quarter if:

~~(i)~~ (1) 50 percent or more of the employment during the quarter is performed ~~primarily~~ in Minnesota;

~~(ii)~~ (2) 50 percent or more of the employment during the quarter is not performed ~~primarily~~ in Minnesota or any other state, or Canada, but some of the employment is performed in Minnesota and the ~~base of operations or the place from which the employment is directed or controlled is in Minnesota; or~~

~~(iii) the employment during the quarter is not performed primarily in Minnesota or any other state and the base of operations or place from which the employment is directed or controlled is not in any state where part of the employment is performed, but the~~ employee's residence is in Minnesota during 50 percent or more of the calendar quarter;

~~(2) an employee's entire employment during the calendar quarter performed within the United States or Canada, if:~~

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~~(i) the employment is not covered employment under the unemployment insurance program of any other state, federal law, or the law of Canada; and~~

~~(ii) the place from which the employment is directed or controlled is in Minnesota;~~

(3) the employment during the ~~calendar~~ quarter~~,~~ is performed ~~entirely~~ outside the United States and Canada, by an employee who is a United States citizen in the employ of an American employer, if the employer's principal place of business in the United States is located in Minnesota. For the purposes of this clause, an "American employer~~,~~" ~~for the purposes of this clause, means a corporation organized under the laws of any state, an individual who is a resident of the United States, or a partnership if two-thirds or more of the partners are residents of the United States, or a trust, if all of the trustees are residents of the United States~~ is as defined under the Federal Unemployment Tax Act, United States Code title 26, chapter 23, section 3306, subsection (j)(3); and

(4) ~~all~~ the employment during the ~~calendar~~ quarter is performed by an officer or member of the crew of an American vessel ~~on or in connection with the vessel, if the~~ operating on navigable waters within, or within and without, the United States, and the office from which the operations of the vessel ~~operating on navigable waters within, or within and without, the United States~~ are ~~ordinarily and regularly supervised,~~ managed~~,~~ ~~directed,~~ and controlled is in Minnesota.

(b) "Covered employment" includes covered agricultural employment under subdivision 11.

(c) For the purposes of section 268.095, "covered employment" includes employment covered under an unemployment insurance program:

(1) of any other state; ~~or~~

(2) established by an act of Congress~~.~~; or

(3) the law of Canada.

(d) The percentage of employment performed under paragraph (a) is determined by the amount of hours worked.

(e) Covered employment does not include any employment defined as "noncovered employment" under subdivision 20.

Sec. 2. Minnesota Statutes 2017 Supplement, section 268.035, subdivision 20, is amended to read:

Subd. 20. **Noncovered employment.** "Noncovered employment" means:

(1) employment for the United States government or an instrumentality thereof, including military service;

(2) employment for a state, other than Minnesota, or a political subdivision or instrumentality thereof;

(3) employment for a foreign government;

(4) employment covered under the federal Railroad Unemployment Insurance Act;

(5) employment for a church or convention or association of churches, or a nonprofit organization operated primarily for religious purposes that is operated, supervised, controlled, or principally supported by a church or convention or association of churches;

(6) employment for an elementary or secondary school with a curriculum that includes religious education that is operated by a church, a convention or association of churches, or a nonprofit organization that is operated, supervised, controlled, or principally supported by a church or convention or association of churches;

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(7) employment for Minnesota or a political subdivision, or a nonprofit organization, of a duly ordained or licensed minister of a church in the exercise of a ministry or by a member of a religious order in the exercise of duties required by the order;

(8) employment for Minnesota or a political subdivision, or a nonprofit organization, of an individual receiving rehabilitation of "sheltered" work in a facility conducted for the purpose of carrying out a program of rehabilitation for individuals whose earning capacity is impaired by age or physical or mental deficiency or injury or a program providing "sheltered" work for individuals who because of an impaired physical or mental capacity cannot be readily absorbed in the competitive labor market. This clause applies only to services performed in a facility certified by the Rehabilitation Services Branch of the department or in a day training or habilitation program licensed by the Department of Human Services;

(9) employment for Minnesota or a political subdivision, or a nonprofit organization, of an individual receiving work relief or work training as part of an unemployment work relief or work training program financed in whole or in part by any federal agency or an agency of a state or political subdivision thereof. This clause does not apply to programs that require unemployment benefit coverage for the participants;

(10) employment for Minnesota or a political subdivision, as an elected official, a member of a legislative body, or a member of the judiciary;

(11) employment as a member of the Minnesota National Guard or Air National Guard;

(12) employment for Minnesota or a political subdivision, or instrumentality thereof, of an individual serving on a temporary basis in case of fire, flood, tornado, or similar emergency;

(13) employment as an election official or election worker for Minnesota or a political subdivision, if the compensation for that employment was less than $1,000 in a calendar year;

(14) employment for Minnesota that is a major policy-making or advisory position in the unclassified service;

(15) employment for Minnesota in an unclassified position established under section 43A.08, subdivision 1a;

(16) employment for a political subdivision of Minnesota that is a nontenured major policy making or advisory position;

(17) domestic employment in a private household, local college club, or local chapter of a college fraternity or sorority, if the wages paid in any calendar quarter in either the current or prior calendar year to all individuals in domestic employment totaled less than $1,000.

"Domestic employment" includes all service in the operation and maintenance of a private household, for a local college club, or local chapter of a college fraternity or sorority as distinguished from service as an employee in the pursuit of an employer's trade or business;

(18) employment of an individual by a son, daughter, or spouse, and employment of a child under the age of 18 by the child's father or mother;

(19) employment of an inmate of a custodial or penal institution;

(20) employment for a school, college, or university, by a student who is enrolled and whose primary relation to the school, college, or university is as a student. This does not include an individual whose primary relation to the school, college, or university is as an employee who also takes courses;

(21) employment of an individual who is enrolled as a student in a full-time program at a nonprofit or public educational institution that maintains a regular faculty and curriculum and has a regularly organized body of students in attendance at the place where its educational activities are carried on, taken for credit at the institution, that combines academic instruction with work experience, if the employment is an integral

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part of the program, and the institution has so certified to the employer, except that this clause does not apply to employment in a program established for or on behalf of an employer or group of employers;

(22) employment of a foreign college or university student who works on a seasonal or temporary basis under the J-1 visa summer work travel program described in Code of Federal Regulations, title 22, section 62.32;

~~(22)~~ (23) employment of university, college, or professional school students in an internship or other training program with the city of St. Paul or the city of Minneapolis under Laws 1990, chapter 570, article 6, section 3;

~~(23)~~ (24) employment for a hospital by a patient of the hospital. "Hospital" means an institution that has been licensed by the Department of Health as a hospital;

~~(24)~~ (25) employment as a student nurse for a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in an accredited nurses' training school;

~~(25)~~ (26) employment as an intern for a hospital by an individual who has completed a four-year course in an accredited medical school;

~~(26)~~ (27) employment as an insurance salesperson, by other than a corporate officer, if all the wages from the employment is solely by way of commission. The word "insurance" includes an annuity and an optional annuity;

~~(27)~~ (28) employment as an officer of a township mutual insurance company or farmer's mutual insurance company under chapter 67A;

~~(28)~~ (29) employment of a corporate officer, if the officer directly or indirectly, including through a subsidiary or holding company, owns 25 percent or more of the employer corporation, and employment of a member of a limited liability company, if the member directly or indirectly, including through a subsidiary or holding company, owns 25 percent or more of the employer limited liability company;

~~(29)~~ (30) employment as a real estate salesperson, other than a corporate officer, if all the wages from the employment is solely by way of commission;

~~(30)~~ (31) employment as a direct seller as defined in United States Code, title 26, section 3508;

~~(31)~~ (32) employment of an individual under the age of 18 in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution;

~~(32)~~ (33) casual employment performed for an individual, other than domestic employment under clause (17), that does not promote or advance that employer's trade or business;

~~(33)~~ (34) employment in "agricultural employment" unless it is "covered agricultural employment" under subdivision 11; or

~~(34)~~ (35) if employment during one-half or more of any pay period was covered employment, all the employment for the pay period is covered employment; but if during more than one-half of any pay period the employment was noncovered employment, then all of the employment for the pay period is noncovered employment. "Pay period" means a period of not more than a calendar month for which a payment or compensation is ordinarily made to the employee by the employer.

Sec. 3. Minnesota Statutes 2016, section 268.051, subdivision 2a, is amended to read:

Subd. 2a. **Unemployment insurance tax ~~limits~~ reduction.** (a) If the balance in the trust fund on December 31 of any calendar year is four percent or more above the amount equal to an average high cost multiple of 1.0, future unemployment taxes payable must be reduced by all amounts above 1.0. The amount

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of tax reduction for any taxpaying employer is the same percentage of the total amount above 1.0 as the percentage of taxes paid by the employer during the calendar year is of the total amount of taxes that were paid by all ~~nonmaximum experience rated~~ employers during the year except taxes paid by employers assigned a tax rate equal to the maximum experience rating plus the applicable base tax rate.

(b) For purposes of this subdivision, "average high cost multiple" has the meaning given in Code of Federal Regulations, title 20, section 606.3, as amended through December 31, 2015. An amount equal to an average high cost multiple of 1.0 is a federal measure of adequate reserves in relation to the state's current economy. The commissioner must calculate and publish, as soon as possible following December 31 of any calendar year, the trust fund balance on December 31 along with the amount an average high cost multiple of 1.0 equals. Actual wages paid must be used in the calculation and estimates may not be used.

(c) The unemployment tax reduction under this subdivision does not apply to employers that were ~~at~~ assigned a tax rate equal to the maximum experience rating plus the applicable base tax rate for the year~~, nor to high experience rating industry employers under subdivision 5, paragraph (b)~~. Computations under paragraph (a) are not subject to the rounding requirement of section 268.034. The refund provisions of section 268.057, subdivision 7, do not apply.

(d) The unemployment tax reduction under this subdivision applies to taxes ~~paid~~ payable between March 1 and December 15 of the year following the December 31 computation under paragraph (a).

(e) ~~The amount equal to the average high cost multiple of 1.0 on December 31, 2012, must be used for the calculation under paragraph (a) but only for the calculation made on December 31, 2015. Notwithstanding paragraph (d), the tax reduction resulting from the application of this paragraph applies to unemployment taxes paid between July 1, 2016, and June 30, 2017.~~ If there was an experience rating history transfer under subdivision 4, the successor employer must receive that portion of the predecessor employer's tax reduction equal to that portion of the experience rating history transferred. The predecessor employer retains that portion of tax reduction not transferred to the successor. This paragraph applies to that portion of the tax reduction that remains unused at the time notice of acquisition is provided under subdivision 4, paragraph (e).

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

Sec. 4. **ADDITIONAL UNEMPLOYMENT BENEFITS PROGRAM FOR WORKERS LAID OFF FROM INTERNATIONAL BILDRITE, INC.**

Subdivision 1. **Availability of additional benefits.** Additional unemployment benefits are available from the Minnesota unemployment insurance trust fund to an applicant who was laid off due to lack of work between December 1, 2017, and June 30, 2018, at International Bildrite, Inc. facilities in International Falls.

Subd. 2. **Eligibility requirements.** An applicant is eligible to receive additional unemployment benefits under this section for any week beginning April 1, 2018, through the week ending June 1, 2019, if:

(1) the applicant established a benefit account under Minnesota Statutes, section 268.07, with a majority of the wage credits from International Bildrite, Inc., and has exhausted the maximum amount of regular unemployment benefits available on that benefit account; and

(2) the applicant meets the same requirements that an applicant for regular unemployment benefits must meet under Minnesota Statutes, section 268.069, subdivision 1.

Subd. 3. **Weekly and maximum amount of additional unemployment benefits.** (a) The weekly benefit amount of additional unemployment benefits is the same as the weekly benefit amount of regular unemployment benefits on the benefit account established in subdivision 2, clause (1).

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(b) The maximum amount of additional unemployment benefits available to an applicant under this section is an amount equal to 13 weeks of payment at the applicant's weekly additional unemployment benefit amount.

(c) If an applicant qualifies for a new regular benefit account that meets the requirements of subdivision 4, paragraph (b), before the applicant has been paid additional unemployment benefits, and that new regular benefit account meets the requirements of subdivision 2, clause (1), the applicant's weekly additional unemployment benefit amount is equal to the weekly unemployment benefit amount on the applicant's new regular benefit account.

Subd. 4. **Qualifying for a new regular benefit account.** (a) If after exhausting the maximum amount of regular unemployment benefits available as a result of the layoff under subdivision 1, an applicant qualifies for the new regular benefit account under Minnesota Statutes, section 268.07, the applicant must apply for and establish that new regular benefit account.

(b) If the applicant's weekly benefit amount under the new regular benefit account is equal to or higher than the applicant's weekly additional unemployment benefit amount, the applicant must request unemployment benefits under the new regular benefit account. An applicant is ineligible for additional unemployment benefits under this section until the applicant has exhausted the maximum amount of unemployment benefits available on the new regular benefit account.

(c) If the applicant's weekly unemployment benefit amount on the new regular benefit account is less than the applicant's weekly benefit amount of additional unemployment benefits, the applicant must request additional unemployment benefits. An applicant is ineligible for new regular unemployment benefits until the applicant has exhausted the maximum amount of additional unemployment benefits available under this section.

Subd. 5. **Charging of benefits.** Additional unemployment benefits paid under this section must be used to compute the future unemployment tax rate of a taxpaying employer or charged to the reimbursing account of government or nonprofit employers.

Subd. 6. **Eligibility for federal Trade Readjustment Allowance benefits.** An applicant who has applied and been determined eligible for federal Trade Readjustment Allowance benefits is not eligible for extended unemployment benefits under this section.

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

Sec. 5. **EFFECTIVE DATE.**

Unless otherwise specified, this article is effective September 16, 2018.

ARTICLE 15

UNEMPLOYMENT INSURANCE ADVISORY COUNCIL; INTEREST

Section 1. Minnesota Statutes 2016, section 268.057, subdivision 5, is amended to read:

Subd. 5. **Interest on amounts past due.** If any amounts due from an employer under this chapter or section 116L.20, except late fees under section 268.044, are not received on the date due ~~the unpaid balance bears~~ the commissioner must assess interest on any amount that remains unpaid. Interest is assessed at the rate of one percent per month or any part of a month. Interest is not assessed on unpaid interest. Interest collected under this subdivision is credited to the contingent account.

EFFECTIVE DATE. This section is effective October 1, 2019.

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Sec. 2. Minnesota Statutes 2017 Supplement, section 268.18, subdivision 2b, is amended to read:

Subd. 2b. **Interest.** On any unemployment benefits obtained by misrepresentation, and any penalty amounts assessed under subdivision 2, the commissioner must assess interest ~~at the rate of one percent per month~~ on any amount that remains unpaid beginning 30 calendar days after the date of a determination of overpayment penalty. Interest is assessed at the rate of one percent per month or any part of a month. A determination of overpayment penalty must state that interest will be assessed. Interest is not assessed ~~in the same manner as on employer debt under section 268.057, subdivision 5~~ on unpaid interest. Interest ~~payments~~ collected under this subdivision ~~are~~ is credited to the trust fund.

EFFECTIVE DATE. This section is effective October 1, 2019.

Sec. 3. **EFFECTIVE DATE.**

Unless otherwise specified, this article is effective September 16, 2018.

ARTICLE 16

UNEMPLOYMENT INSURANCE ADVISORY COUNCIL; BASE PERIODS

Section 1. Minnesota Statutes 2016, section 268.035, subdivision 4, is amended to read:

Subd. 4. **Base period.** (a) "Base period," unless otherwise provided in this subdivision, means the most recent four completed calendar quarters before the effective date of an applicant's application for unemployment benefits if the application has an effective date occurring after the month following the most recent completed calendar quarter. The base period under this paragraph is as follows:

If the application for unemployment benefits is effective on or between these dates:	The base period is the prior:
February 1 - March 31	January 1 - December 31
May 1 - June 30	April 1 - March 31
August 1 - September 30	July 1 - June 30
November 1 - December 31	October 1 - September 30

(b) If an application for unemployment benefits has an effective date that is during the month following the most recent completed calendar quarter, then the base period is the first four of the most recent five completed calendar quarters before the effective date of an applicant's application for unemployment benefits. The base period under this paragraph is as follows:

If the application for unemployment benefits is effective on or between these dates:	The base period is the prior:
January 1 - January 31	October 1 - September 30
April 1 - April 30	January 1 - December 31
July 1 - July 31	April 1 - March 31
October 1 - October 31	July 1 - June 30

(c) Regardless of paragraph (a), a base period of the first four of the most recent five completed calendar quarters must be used if the applicant would have more wage credits under that base period than under a base period of the four most recent completed calendar quarters.

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~~(d) If the applicant under paragraph (b) has insufficient wage credits to establish a benefit account, then a base period of the most recent four completed calendar quarters before the effective date of the applicant's application for unemployment benefits must be used.~~

~~(e)~~ (d) If the applicant has insufficient wage credits to establish a benefit account under a base period of the four most recent completed calendar quarters, or a base period of the first four of the most recent five completed calendar quarters, but during either base period the applicant received workers' compensation for temporary disability under chapter 176 or a similar federal law or similar law of another state, or if the applicant whose own serious illness caused a loss of work for which the applicant received compensation for loss of wages from some other source, the applicant may request a base period as follows:

(1) if an applicant was compensated for a loss of work of seven to 13 weeks~~,~~ during a base period referred to in paragraph (a) or (b), then the base period is the first four of the most recent six completed calendar quarters before the effective date of the application for unemployment benefits;

(2) if an applicant was compensated for a loss of work of 14 to 26 weeks~~,~~ during a base period referred to in paragraph (a) or (b), then the base period is the first four of the most recent seven completed calendar quarters before the effective date of the application for unemployment benefits;

(3) if an applicant was compensated for a loss of work of 27 to 39 weeks~~,~~ during a base period referred to in paragraph (a) or (b), then the base period is the first four of the most recent eight completed calendar quarters before the effective date of the application for unemployment benefits; and

(4) if an applicant was compensated for a loss of work of 40 to 52 weeks~~,~~ during a base period referred to in paragraph (a) or (b), then the base period is the first four of the most recent nine completed calendar quarters before the effective date of the application for unemployment benefits.

~~(f)~~ (e) No base period under this subdivision may include wage credits upon which a prior benefit account was established.

Sec. 2. Minnesota Statutes 2017 Supplement, section 268.07, subdivision 1, is amended to read:

Subdivision 1. **Application for unemployment benefits; determination of benefit account.** (a) An application for unemployment benefits may be filed in person, by mail, or by electronic transmission as the commissioner may require. The applicant must be unemployed at the time the application is filed and must provide all requested information in the manner required. If the applicant is not unemployed at the time of the application or fails to provide all requested information, the communication is not an application for unemployment benefits.

(b) The commissioner must examine each application for unemployment benefits to determine the base period and the benefit year, and based upon all the covered employment in the base period the commissioner must determine the weekly unemployment benefit amount available, if any, and the maximum amount of unemployment benefits available, if any. The determination, which is a document separate and distinct from a document titled a determination of eligibility or determination of ineligibility issued under section 268.101, must be titled determination of benefit account. A determination of benefit account must be sent to the applicant and all base period employers, by mail or electronic transmission.

(c) If a base period employer did not provide wage detail information for the applicant as required under section 268.044, ~~or provided erroneous information, or wage detail is not yet due and the applicant is using a base period under section 268.035, subdivision 4, paragraph (d),~~ the commissioner may accept an applicant certification of wage credits, based upon the applicant's records, and issue a determination of benefit account.

~~(d) An employer must provide wage detail information on an applicant within five calendar days of request by the commissioner, in a manner and format requested, when:~~

~~(1) the applicant is using a base period under section 268.035, subdivision 4, paragraph (d); and~~

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~~(2) wage detail under section 268.044 is not yet required to have been filed by the employer.~~

~~(e)~~ (d) The commissioner may, at any time within 24 months from the establishment of a benefit account, reconsider any determination of benefit account and make an amended determination if the commissioner finds that the wage credits listed in the determination were incorrect for any reason. An amended determination of benefit account must be promptly sent to the applicant and all base period employers, by mail or electronic transmission. This subdivision does not apply to documents titled determinations of eligibility or determinations of ineligibility issued under section 268.101.

~~(f)~~ (e) If an amended determination of benefit account reduces the weekly unemployment benefit amount or maximum amount of unemployment benefits available, any unemployment benefits that have been paid greater than the applicant was entitled is an overpayment of unemployment benefits. A determination or amended determination issued under this section that results in an overpayment of unemployment benefits must set out the amount of the overpayment and the requirement under section 268.18, subdivision 1, that the overpaid unemployment benefits must be repaid.

Sec. 3. **EFFECTIVE DATE.**

Unless otherwise specified, this article is effective September 16, 2018.

ARTICLE 17

UNEMPLOYMENT INSURANCE ADVISORY COUNCIL; HOUSEKEEPING

Section 1. Minnesota Statutes 2017 Supplement, section 268.035, subdivision 15, is amended to read:

Subd. 15. **Employment.** (a) "Employment" means service performed by:

(1) an individual who is an employee under the common law of employer-employee and not an independent contractor;

(2) an officer of a corporation;

(3) a member of a limited liability company who is an employee under the common law of employer-employee; ~~or~~

(4) an individual who is an employee under the Federal Insurance Contributions Act, United States Code, title 26, chapter 21, sections 3121 (d)(3)(A) and 3121 (d)(3)(D); or

~~(4)~~ (5) product demonstrators in retail stores or other locations to aid in the sale of products. The person that pays the wages is the employer.

(b) Employment does not include service as a juror.

(c) Construction industry employment is defined in subdivision 9a. Trucking and messenger/courier industry employment is defined in subdivision 25b. Rules on determining worker employment status are described under Minnesota Rules, chapter 3315.

Sec. 2. Minnesota Statutes 2016, section 268.044, subdivision 2, is amended to read:

Subd. 2. **Failure to timely file report; late fees.** (a) Any employer that fails to submit the quarterly wage detail report when due must pay a late fee of $10 per employee, computed based upon the highest of:

(1) the number of employees reported on the last wage detail report submitted;

(2) the number of employees reported in the corresponding quarter of the prior calendar year; or

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(3) if no wage detail report has ever been submitted, the number of employees listed at the time of employer registration.

The late fee is canceled if the wage detail report is received within 30 calendar days after a demand for the report is sent to the employer by mail or electronic transmission. A late fee assessed an employer may not be canceled more than twice each 12 months. The amount of the late fee assessed may not be less than $250.

(b) If the wage detail report is not received in a manner and format prescribed by the commissioner within 30 calendar days after demand is sent under paragraph (a), the late fee assessed under paragraph (a) doubles and a renewed demand notice and notice of the increased late fee will be sent to the employer by mail or electronic transmission.

(c) Late fees due under this subdivision may be canceled, in whole or in part, under section ~~268.066 where good cause for late submission is found by the commissioner~~ 268.067.

Sec. 3. Minnesota Statutes 2016, section 268.047, subdivision 3, is amended to read:

Subd. 3. **Exceptions for taxpaying employers.** Unemployment benefits paid will not be used in computing the future tax rate of a taxpaying base period employer when:

(1) the applicant's wage credits from that employer are less than $500;

(2) the applicant quit the employment, unless it was determined under section 268.095, to have been because of a good reason caused by the employer or because the employer notified the applicant of discharge within 30 calendar days. This exception applies ~~only~~ to unemployment benefits paid for periods after the applicant's quitting the employment and, if the applicant is rehired by the employer, continues only until the beginning of the week the applicant is rehired; or

(3) the employer discharged the applicant from employment because of employment misconduct as determined under section 268.095. This exception applies ~~only~~ to unemployment benefits paid for periods after the applicant's discharge from employment and, if the applicant is rehired by the employer, continues only until the beginning of the week the applicant is rehired.

EFFECTIVE DATE. This section is effective October 1, 2019.

Sec. 4. Minnesota Statutes 2016, section 268.059, is amended to read:

268.059 GARNISHMENT FOR DELINQUENT TAXES AND UNEMPLOYMENT BENEFIT OVERPAYMENTS.

Subdivision 1. ~~**Notice**~~ **Authority.** ~~The commissioner may give notice to any employer that an employee owes any amounts due under this chapter or section 116L.20, and that the obligation should be withheld from the employee's wages. The commissioner may proceed only if the amount due is uncontested or if the time for any appeal has expired.~~ The commissioner may garnish an employee's wages to collect amounts due under this chapter or section 116L.20, as set forth in this section. Chapter 571 does not apply, except as referenced in this section.

Subd. 1a. **Notice.** The commissioner may not proceed with a garnishment until 30 calendar days after sending to the debtor employee, by mail or electronic transmission, a notice of intent to garnish wages and exemption notice. That notice must ~~list~~ include:

(1) the amount due from the debtor;

(2) demand for immediate payment; and

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(3) the intention to serve a garnishment notice on the debtor's employer.

The notice expires 180 calendar days after it has been sent to the debtor provided that the notice may be renewed by sending a new notice that is in accordance with this section. The renewed notice has the effect of reinstating the priority of the original notice. ~~The exemption notice must be in substantially the same form as in section 571.72.~~ The exemption notice must inform the debtor of the right to claim exemptions contained in section 550.37, subdivision 14. ~~If no claim of exemption is received by the commissioner within 30 calendar days after sending of the notice, the commissioner may proceed with the garnishment. The notice to the debtor's employer may be served by mail or electronic transmission and must be in substantially the same form as in section 571.75.~~

Subd. 2. **Employer action.** (a) Thirty calendar days after sending the notice of intent to garnish, the commissioner may send to the debtor's employer, by mail or electronic transmission, a notice of garnishment, including a worksheet for determining the amount to be withheld from wages each pay period. The amount to be withheld from wages is subject to the limitations in section 571.922. Upon receipt of the garnishment notice, the employer must withhold from the ~~earnings~~ wages due or to become due to the employee, the amount ~~shown on the notice plus accrued interest, subject to section 571.922~~ determined by the employer plus accrued interest. The employer must continue to withhold each pay period the amount ~~shown on the notice~~ determined by the employer plus accrued interest until the garnishment notice is released by the commissioner. Upon receipt of notice by the employer, the claim of the commissioner has priority over any subsequent garnishments or wage assignments. The commissioner may ~~arrange between the employer and employee for withholding a portion of the total amount due the employee each pay period,~~ agree to accept a withholding amount that is less than the amount determined by the employer on the worksheet until the total amount ~~shown on the notice~~ due plus accrued interest has been withheld.

(b) ~~The "earnings due" any employee~~ For the purposes of this section, "wages" is as defined in section ~~571.921~~ 268.035, subdivision 29.

~~(b)~~ (c) The maximum garnishment allowed for any one pay period must be decreased by any amounts payable under any other garnishment action served before the garnishment notice, and any amounts covered by any irrevocable and previously effective assignment of wages~~;~~. The employer must give notice to the commissioner of the amounts and the facts relating to the other garnishment or assignment ~~within ten calendar days after the service of the garnishment notice~~ on the ~~form~~ worksheet provided by the commissioner.

~~(c)~~ (d) Within ten calendar days after the expiration of the pay period, the employer must remit to the commissioner, on a form and in the manner prescribed by the commissioner, the amount withheld during each pay period.

Subd. 3. **Discharge or discipline prohibited.** (a) If the employee ceases to be employed by the employer before the full amount ~~set forth on the garnishment notice~~ due plus accrued interest has been withheld, the employer must immediately notify the commissioner in writing or by electronic transmission, as prescribed by the commissioner, of the termination date of the employee and the total amount withheld. No employer may discharge or discipline any employee because the commissioner has proceeded under this section. If an employer discharges an employee in violation of this section, the employee has the same remedy as provided in section 571.927, subdivision 2.

(b) This section applies if the employer is the state of Minnesota or any political subdivision.

(c) The commissioner must refund to the employee any excess amounts withheld from the employee.

(d) An employer that fails or refuses to comply with this section is jointly and severally liable for the total amount due from the employee. Any amount due from the employer under this paragraph may be collected in the same manner as any other amounts due from an employer under this chapter.

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Sec. 5. Minnesota Statutes 2016, section 268.085, subdivision 3, is amended to read:

Subd. 3. **Vacation and sick payments that delay unemployment benefits.** (a) An applicant is not eligible to receive unemployment benefits for any week the applicant is receiving, has received, or will receive vacation pay, sick pay, or personal time off pay, also known as "PTO."

This paragraph ~~only applies upon temporary, indefinite, or seasonal separation and~~ does not apply:

(1) upon a permanent separation from employment; or

(2) to payments from a vacation fund administered by a union or a third party not under the control of the employer.

Payments under this ~~paragraph~~ subdivision are applied to the period immediately following the ~~temporary, indefinite, or seasonal separation.~~ later of the date of separation from employment or the date the applicant first becomes aware that the employer will be making a payment. The date the payment is actually made or received, or that an applicant must agree to a release of claims, does not affect the application of this paragraph.

(b) This subdivision applies to all the weeks of payment. The weeks of payment is determined as follows:

(1) if the payments are made periodically, the total of the payments to be received is divided by the applicant's last level of regular weekly pay from the employer; or

(2) if the payment is made in a lump sum, that sum is divided by the applicant's last level of regular weekly pay from the employer.

The "last level of regular weekly pay" includes commissions, bonuses, and overtime pay if that is part of the applicant's ongoing regular compensation.

(c) Under this subdivision, if the payment with respect to a week is equal to or more than the applicant's weekly unemployment benefit amount, the applicant is ineligible for benefits for that week. If the payment with respect to a week is less than the applicant's weekly unemployment benefit amount, unemployment benefits are reduced by the amount of the payment.

~~(b)~~ (d) An applicant is not eligible to receive unemployment benefits for any week the applicant is receiving, has received, or will receive severance pay, bonus pay, or any other payments paid by an employer because of, upon, or after separation from employment.

This paragraph only applies if the payment is:

(1) considered wages under section 268.035, subdivision 29; or

(2) subject to the Federal Insurance Contributions Act (FICA) tax imposed to fund Social Security and Medicare.

Payments under this paragraph are applied to the period immediately following the later of the date of separation from employment or the date the applicant first becomes aware that the employer will be making a payment. The date the payment is actually made or received, or that an applicant must agree to a release of claims, does not affect the application of this paragraph.

This paragraph does not apply to earnings under subdivision 5, back pay under subdivision 6, or vacation pay, sick pay, or personal time off pay under paragraph (a).

(e) Paragraph (a) applies to all the weeks of payment. The weeks of payment is determined in accordance with subdivision 3, paragraph (b).

(f) Under this subdivision, if the payment with respect to a week is equal to or more than the applicant's weekly unemployment benefit amount, the applicant is ineligible for benefits for that week. If the payment

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with respect to a week is less than the applicant's weekly unemployment benefit amount, unemployment benefits are reduced by the amount of the payment.

~~(e)~~ (g) An applicant is not eligible to receive unemployment benefits for any week the applicant is receiving, has received, will receive, or has applied for pension, retirement, or annuity payments from any plan contributed to by a base period employer including the United States government. The base period employer is considered to have contributed to the plan if the contribution is excluded from the definition of wages under section 268.035, subdivision 29. If the pension, retirement, or annuity payment is paid in a lump sum, an applicant is not considered to have received a payment if:

(1) the applicant immediately deposits that payment in a qualified pension plan or account; or

(2) that payment is an early distribution for which the applicant paid an early distribution penalty under the Internal Revenue Code, United States Code, title 26, section 72(t)(1).

This paragraph does not apply to Social Security benefits under subdivision 4 or 4a.

~~(d)~~ (h) This subdivision applies to all the weeks of payment. ~~The number of weeks of payment is determined as follows:~~

~~(1) if the payments are made periodically, the total of the payments to be received is divided by the applicant's last level of regular weekly pay from the employer; or~~

~~(2)~~ If the payment is made in a lump sum, that sum is divided by the applicant's last level of regular weekly pay from the employer to determine the weeks of payment.

For purposes of this ~~paragraph~~ subdivision, the "last level of regular weekly pay" includes commissions, bonuses, and overtime pay if that is part of the applicant's ongoing regular compensation.

~~(e)~~ (i) Under this subdivision, if the payment with respect to a week is equal to or more than the applicant's weekly unemployment benefit amount, the applicant is ineligible for benefits for that week. If the payment with respect to a week is less than the applicant's weekly unemployment benefit amount, unemployment benefits are reduced by the amount of the payment.

Sec. 6. Minnesota Statutes 2016, section 268.085, subdivision 3a, is amended to read:

Subd. 3a. **Workers' compensation and disability insurance offset.** (a) An applicant is not eligible to receive unemployment benefits for any week in which the applicant is receiving or has received compensation for loss of wages equal to or in excess of the applicant's weekly unemployment benefit amount under:

(1) the workers' compensation law of this state;

(2) the workers' compensation law of any other state or similar federal law; or

(3) any insurance or trust fund paid in whole or in part by an employer.

(b) This subdivision does not apply to an applicant who has a claim pending for loss of wages under paragraph (a); however, before unemployment benefits may be paid when a claim is pending, the issue of the applicant being available for suitable employment, as required under subdivision 1, clause (4), ~~is~~ must be determined under section 268.101, subdivision 2. If the applicant later receives compensation as a result of the pending claim, the applicant is subject to ~~the provisions of~~ paragraph (a) and the unemployment benefits paid are ~~subject to recoupment by the commissioner to the extent that the compensation constitutes~~ overpaid unemployment benefits under section 268.18, subdivision 1.

(c) If the amount of compensation described under paragraph (a) for any week is less than the applicant's weekly unemployment benefit amount, unemployment benefits requested for that week are reduced by the amount of that compensation payment.

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Sec. 7. Minnesota Statutes 2017 Supplement, section 268.085, subdivision 13a, is amended to read:

Subd. 13a. **Leave of absence.** (a) An applicant on a voluntary leave of absence is ineligible for unemployment benefits for the duration of the leave of absence. An applicant on an involuntary leave of absence is not ineligible under this subdivision.

A leave of absence is voluntary when work that the applicant can then perform is available with the applicant's employer but the applicant chooses not to work. A medical leave of absence is not presumed to be voluntary.

(b) A period of vacation requested by the applicant, paid or unpaid, is a voluntary leave of absence. A vacation period assigned by an employer under: (1) a uniform vacation shutdown; (2) a collective bargaining agreement; or (3) an established employer policy, is an involuntary leave of absence.

(c) A leave of absence is a temporary stopping of work that has been approved by the employer. A ~~voluntary~~ leave of absence is not a quit ~~and an involuntary leave of absence is not~~ or a discharge from employment ~~for purposes of~~. Section 268.095 does not apply to a leave of absence.

(d) An applicant who is on a paid leave of absence, whether the leave of absence is voluntary or involuntary, is ineligible for unemployment benefits for the duration of the leave.

(e) This subdivision applies to a leave of absence from a base period employer, an employer during the period between the end of the base period and the effective date of the benefit account, or an employer during the benefit year.

Sec. 8. Minnesota Statutes 2017 Supplement, section 268.095, subdivision 6, is amended to read:

Subd. 6. **Employment misconduct defined.** (a) Employment misconduct means any intentional, negligent, or indifferent conduct, on the job or off the job, that ~~displays clearly:~~

~~(1)~~ is a serious violation of the standards of behavior the employer has the right to reasonably expect of the employee~~; or~~.

~~(2) a substantial lack of concern for the employment.~~

(b) Regardless of paragraph (a), the following is not employment misconduct:

(1) conduct that was a consequence of the applicant's mental illness or impairment;

(2) conduct that was a consequence of the applicant's inefficiency or inadvertence;

(3) simple unsatisfactory conduct;

(4) conduct an average reasonable employee would have engaged in under the circumstances;

(5) conduct that was a consequence of the applicant's inability or incapacity;

(6) good faith errors in judgment if judgment was required;

(7) absence because of illness or injury of the applicant, with proper notice to the employer;

(8) absence, with proper notice to the employer, in order to provide necessary care because of the illness, injury, or disability of an immediate family member of the applicant;

(9) conduct that was a consequence of the applicant's chemical dependency, unless the applicant was previously diagnosed chemically dependent or had treatment for chemical dependency, and since that diagnosis or treatment has failed to make consistent efforts to control the chemical dependency; or

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(10) conduct that was a consequence of the applicant, or an immediate family member of the applicant, being a victim of domestic abuse, sexual assault, or stalking. For the purposes of this subdivision, "domestic abuse," "sexual assault," and "stalking" have the meanings given them in subdivision 1.

(c) Regardless of paragraph (b), clause (9), conduct in violation of sections 169A.20, 169A.31, 169A.50 to 169A.53, or 171.177 that ~~interferes with or~~ adversely affects the employment is employment misconduct.

(d) If the conduct for which the applicant was discharged involved only a single incident, that is an important fact that must be considered in deciding whether the conduct rises to the level of employment misconduct under paragraph (a). This paragraph does not require that a determination under section 268.101 or decision under section 268.105 contain a specific acknowledgment or explanation that this paragraph was considered.

(e) The definition of employment misconduct provided by this subdivision is exclusive and no other definition applies.

Sec. 9. Minnesota Statutes 2016, section 268.095, subdivision 6a, is amended to read:

Subd. 6a. **Aggravated employment misconduct defined.** (a) ~~For the purpose of this section, "aggravated employment misconduct" means:~~

~~(1)~~ The commission of any act, on the job or off the job, that would amount to a gross misdemeanor or felony is aggravated employment misconduct if the act ~~substantially interfered with the employment or~~ had a significant adverse effect on the employment~~; or~~.

A criminal charge or conviction is not necessary to determine aggravated employment misconduct under this paragraph. If an applicant is convicted of a gross misdemeanor or felony, the applicant is presumed to have committed the act.

~~(2)~~ (b) For an employee of a facility as defined in section 626.5572, aggravated employment misconduct includes an act of patient or resident abuse, financial exploitation, or recurring or serious neglect, as defined in section 626.5572 and applicable rules.

~~(b) If an applicant is convicted of a gross misdemeanor or felony for the same act for which the applicant was discharged, it is aggravated employment misconduct if the act substantially interfered with the employment or had a significant adverse effect on the employment.~~

(c) The definition of aggravated employment misconduct provided by this subdivision is exclusive and no other definition applies.

Sec. 10. **EFFECTIVE DATE.**

Unless otherwise specified, this article is effective September 16, 2018.

ARTICLE 18

UNEMPLOYMENT INSURANCE ADVISORY COUNCIL; TECHNICAL

Section 1. Minnesota Statutes 2016, section 268.044, subdivision 3, is amended to read:

Subd. 3. **Missing or erroneous information.** (a) Any employer that submits the wage detail report, but fails to include all required employee information or enters erroneous information, is subject to an administrative service fee of $25 for each employee for whom the information is partially missing or erroneous.

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(b) Any employer that submits the wage detail report, but fails to include an employee, is subject to an administrative service fee equal to two percent of the total wages for each employee for whom the information is completely missing.

(c) An administrative service fee under this subdivision must be canceled under section 268.067 if the commissioner determines that the failure or error by the employer occurred because of ignorance or inadvertence.

Sec. 2. Minnesota Statutes 2017 Supplement, section 268.046, subdivision 1, is amended to read:

Subdivision 1. **Tax accounts assigned.** (a) Any person that contracts with a taxpaying employer to have that person obtain the taxpaying employer's workforce and provide workers to the taxpaying employer for a fee is, as of the effective date of the contract, assigned for the duration of the contract the taxpaying employer's account under section 268.045. That tax account must be maintained by the person separate and distinct from every other tax account held by the person and identified in a manner prescribed by the commissioner. The tax account is, for the duration of the contract, considered that person's account for all purposes of this chapter. The workers obtained from the taxpaying employer and any other workers provided by that person to the taxpaying employer, including officers of the taxpaying employer as defined in section 268.035, subdivision 20, clause ~~(28)~~ (29), whose wages paid by the person are considered paid in covered employment under section 268.035, subdivision 24, for the duration of the contract between the taxpaying employer and the person, must, under section 268.044, be reported on the wage detail report under that tax account, and that person must pay any taxes due at the tax rate computed for that account under section 268.051, subdivision 2.

(b) Any workers of the taxpaying employer who are not covered by the contract under paragraph (a) must be reported by the taxpaying employer as a separate unit on the wage detail report under the tax account assigned under paragraph (a). Taxes and any other amounts due on the wages reported by the taxpaying employer under this paragraph may be paid directly by the taxpaying employer.

(c) If the taxpaying employer that contracts with a person under paragraph (a) does not have a tax account at the time of the execution of the contract, an account must be registered for the taxpaying employer under section 268.042 and the new employer tax rate under section 268.051, subdivision 5, must be assigned. The tax account is then assigned to the person as provided for in paragraph (a).

(d) A person that contracts with a taxpaying employer under paragraph (a) must, within 30 calendar days of the execution or termination of a contract, notify the commissioner by electronic transmission, in a format prescribed by the commissioner, of that execution or termination. The taxpaying employer's name, the account number assigned, and any other information required by the commissioner must be provided by that person.

(e) Any contract subject to paragraph (a) must specifically inform the taxpaying employer of the assignment of the tax account under this section and the taxpaying employer's obligation under paragraph (b). If there is a termination of the contract, the tax account is, as of the date of termination, immediately assigned to the taxpaying employer.

Sec. 3. Minnesota Statutes 2016, section 268.051, subdivision 3, is amended to read:

Subd. 3. **Computation of a taxpaying employer's experience rating.** (a) On or before each December 15, the commissioner must compute an experience rating for each taxpaying employer who has ~~been required to file~~ filed wage detail reports for the ~~12~~ four calendar ~~months~~ quarters ending on the prior June 30. The experience rating computed is applicable for the following calendar year.

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The experience rating is the ratio obtained by dividing 125 percent of the total unemployment benefits required under section 268.047 to be used in computing the employer's tax rate during the ~~48~~ 16 calendar ~~months~~ quarters ending on the prior June 30, by the employer's total taxable payroll for that same period.

(b) The experience rating is computed to the nearest one-hundredth of a percent, to a maximum of 8.90 percent.

(c) The use of 125 percent of unemployment benefits paid under paragraph (a), rather than 100 percent of the amount of unemployment benefits paid, is done in order for the trust fund to recover from all taxpaying employers a portion of the costs of unemployment benefits paid that do not affect any individual employer's future experience rating because of the reasons set out in subdivision 2, paragraph (f).

Sec. 4. Minnesota Statutes 2016, section 268.053, subdivision 1, is amended to read:

Subdivision 1. **Election.** (a) Any nonprofit organization that has employees in covered employment must pay taxes on a quarterly basis in accordance with section 268.051 unless it elects to make reimbursements to the trust fund the amount of unemployment benefits charged to its reimbursable account under section 268.047.

The organization may elect to make reimbursements for a period of not less than 24 calendar months beginning with the date that the organization was determined to be an employer with covered employment by filing a notice of election not later than 30 calendar days after the date of the determination.

(b) Any nonprofit organization that makes an election will continue to be liable for reimbursements until it files a notice terminating its election before the beginning of the calendar quarter the termination is to be effective.

A nonprofit organization that has been making reimbursements that files a notice of termination of election must be assigned the new employer tax rate under section 268.051, subdivision 5, until it qualifies for an experience rating under section 268.051, subdivision 3.

(c) Any nonprofit organization that has been paying taxes may elect to make reimbursements by filing a notice of election. The election is effective at the beginning of the next calendar quarter. The election is not terminable by the organization for 24 calendar months.

~~(d) The commissioner may for good cause extend the period that a notice of election, or a notice of termination, must be filed and may permit an election to be retroactive.~~

~~(e)~~ (d) A notice of election or notice terminating election must be filed by electronic transmission in a format prescribed by the commissioner.

Sec. 5. Minnesota Statutes 2016, section 268.066, is amended to read:

268.066 CANCELLATION OF AMOUNTS DUE FROM AN EMPLOYER.

(a) The commissioner must cancel as uncollectible any amounts due from an employer under this chapter or section 116L.20, that remain unpaid six years after the amounts have been first determined due, except where the delinquent amounts are secured by a notice of lien, a judgment, are in the process of garnishment, or are under a payment plan.

(b) The commissioner may cancel at any time as uncollectible any amount due, or any portion of an amount due, from an employer under this chapter or section 116L.20, that (1) are uncollectible due to death or bankruptcy, or (2) the Collection Division of the Department of Revenue under section 16D.04 was unable to collect.

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~~(c) The commissioner may cancel at any time any interest, penalties, or fees due from an employer, or any portions due, if the commissioner determines that it is not in the public interest to pursue collection of the amount due. This paragraph does not apply to unemployment insurance taxes or reimbursements due.~~

Sec. 6. Minnesota Statutes 2016, section 268.067, is amended to read:

268.067 COMPROMISE.

(a) The commissioner may compromise in whole or in part any action, determination, or decision that affects only an employer and not an applicant. This paragraph applies if it is determined by a court of law, or a confession of judgment, that an applicant, while employed, wrongfully took from the employer $500 or more in money or property.

(b) The commissioner may at any time compromise any unemployment insurance tax ~~or~~, reimbursement, interest, penalty, fee, costs, or any other amount due from an employer under this chapter or section 116L.20.

(c) Any compromise involving an amount over $10,000 must be authorized by an attorney licensed to practice law in Minnesota who is an employee of the department designated by the commissioner for that purpose.

(d) Any compromise must be in the best interest of the state of Minnesota.

Sec. 7. 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 because of a false representation or concealment of facts~~ 268.183.

Sec. 8. Minnesota Statutes 2016, section 268.105, subdivision 6, is amended to read:

Subd. 6. **Representation; fees.** (a) In any proceeding under subdivision 1 or 2, an applicant or employer may be represented by any authorized representative.

Except for services provided by an attorney-at-law, no person may charge an applicant a fee of any kind for advising, assisting, or representing an applicant in a hearing ~~or~~, on reconsideration, or in a proceeding under subdivision 7.

(b) An applicant may not be charged fees, costs, or disbursements of any kind in a proceeding before an unemployment law judge, the Minnesota Court of Appeals, or the Supreme Court of Minnesota.

(c) No attorney fees may be awarded, or costs or disbursements assessed, against the department as a result of any proceedings under this section.

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Sec. 9. Minnesota Statutes 2016, section 268.145, subdivision 1, is amended to read:

Subdivision 1. **Notification.** (a) Upon filing an application for unemployment benefits, the applicant must be informed that:

(1) unemployment benefits are subject to federal and state income tax;

(2) there are requirements for filing estimated tax payments;

(3) the applicant may elect to have federal income tax withheld from unemployment benefits;

(4) if the applicant elects to have federal income tax withheld, the applicant may, in addition, elect to have Minnesota state income tax withheld; and

(5) at any time during the benefit year the applicant may change a prior election.

(b) If an applicant elects to have federal income tax withheld, the commissioner must deduct ten percent for federal income tax. If an applicant also elects to have Minnesota state income tax withheld, the commissioner must make an additional five percent deduction for state income tax. Any ~~amounts~~ amount deducted ~~or offset~~ under ~~sections 268.155, 268.18, and 268.184 have~~ section 268.085 has priority over any amounts deducted under this section. Federal income tax withholding has priority over state income tax withholding.

(c) An election to have income tax withheld may not be retroactive and only applies to unemployment benefits paid after the election.

Sec. 10. Minnesota Statutes 2017 Supplement, section 268.18, subdivision 5, is amended to read:

Subd. 5. **Remedies.** (a) Any method undertaken to recover an overpayment of unemployment benefits, including any penalties and interest, is not an election of a method of recovery.

(b) Intervention or lack thereof, in whole or in part, in a workers' compensation matter under section 176.361 is not an election of a remedy and does not prevent the commissioner from determining an applicant ineligible for unemployment benefits ~~or taking action under section 268.183~~.

Sec. 11. **REVISOR'S INSTRUCTION.**

The revisor of statutes is instructed to make the following changes in Minnesota Statutes:

(1) change the term "fraud" to "misrepresentation" in sections 268.085, subdivision 2, and 268.186, subdivision 1;

(2) delete the term "bona fide" wherever it appears in section 268.035;

(3) replace the term "under" with "subject to" in section 268.047, subdivision 2, clause (8);

(4) replace the term "displays clearly" with "shows" in chapter 268;

(5) replace the term "entire" with "hearing" in section 268.105;

(6) replace "24 calendar months" with "eight calendar quarters" in section 268.052, subdivision 2.

Sec. 12. **REPEALER.**

Minnesota Statutes 2016, section 268.053, subdivisions 4 and 5, are repealed.

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Sec. 13. **EFFECTIVE DATE.**

Unless otherwise specified, this article is effective September 16, 2018.

ARTICLE 19

ENVIRONMENT AND NATURAL RESOURCES

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2017, chapter 93, or appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal year indicated for each purpose. The figures "2018" and "2019" used in this article mean that the addition to the appropriations listed under them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively. "The first year" is fiscal year 2018. "The second year" is fiscal year 2019.

	APPROPRIATIONS Available for the Year Ending June 30	
	2018	**2019**
Sec. 2. **POLLUTION CONTROL AGENCY**		
Subdivision 1. **Total Appropriation**	**$ -0-**	**$ 300,000**
Appropriations by Fund		
2018 2019		
General -0- (300,000)		
Environmental -0- 600,000		
Subd. 2. **Resource Management**	-0-	-0-
(a) $300,000 the second year is a reduction from the general fund for competitive recycling grants under Minnesota Statutes, section 115A.565. This is a onetime reduction.		
(b) $300,000 the second year is from the environmental fund for competitive recycling grants under Minnesota Statutes, section 115A.565. This is a onetime appropriation.		
Subd. 3. **Watershed**	-0-	300,000
$300,000 the second year is from the environmental fund for a grant to the Minnesota Association of		

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County Feedlot Officers to develop, in coordination with the Pollution Control Agency and the University of Minnesota Extension program, an online training curriculum related to animal feedlot requirements under Minnesota Rules, chapter 7020. The curriculum must be developed to:

(1) provide base-level knowledge to new and existing county feedlot pollution control officers on feedlot registration, permitting, compliance, enforcement, and program administration;

(2) provide assistance to new and existing county feedlot pollution control officers for working efficiently and effectively with producers; and

(3) reduce the incidence of manure or nutrients entering surface water or groundwater.

This is a onetime appropriation and is available until June 30, 2020.

Sec. 3. **NATURAL RESOURCES.**

Subdivision 1. **Total Appropriation**	**$**	**-0-**	**$ 3,934,000**

Appropriations by Fund

	2018	2019
General	-0-	275,000
Natural Resources	-0-	2,905,000
Game and Fish	-0-	754,000

Subd. 2. **Lands and Minerals Management**	-0-	654,000

(a) $335,000 the second year is for aggregate mapping. This is a onetime appropriation and is available until June 30, 2020.

(b) $319,000 the second year is from the mineral management account in the natural resources fund for environmental research relating to mine permitting, in consultation with the Mineral Coordinating Committee.

Subd. 3. **Ecological and Water Resources**	-0-	525,000

(a) $425,000 the second year is for grants to lake associations to manage aquatic invasive species, including grants for projects to control and provide public awareness of aquatic invasive species and for watercraft inspections in partnership with local units of government. This is a onetime appropriation.

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(b) $100,000 the second year is from the heritage enhancement account in the game and fish fund for a grant to the Board of Regents of the University of Minnesota to conduct a statewide survey and analysis of Minnesota anglers' attitude toward fish stocking. The survey must include a representative sample of anglers from all regions of the state and must examine Minnesota anglers' attitudes toward the stocking of each fish species that is or has been stocked by the Department of Natural Resources. The Board of Regents must report the results of the survey and analysis to the chairs and ranking minority members of the legislative committees with jurisdiction over environment and natural resources finance no later than March 1, 2020. The report must include data about the amount spent on stocking each fish species. This is a onetime appropriation.

Subd. 4. **Forest Management** -0- -0-

(a) $1,131,000 the second year is a reduction to the general fund for the Next Generation Core Forestry data system. This is a onetime reduction.

(b) $1,131,000 the second year is from the forest management investment account in the natural resources fund for the Next Generation Core Forestry data system. This is a onetime appropriation and is available until June 30, 2021.

Subd. 5. **Parks and Trails Management** -0- 1,415,000

(a) $100,000 the second year is from the all-terrain vehicle account in the natural resources fund for a grant to the city of Virginia to develop, in cooperation with the Quad Cities ATV Club, an all-terrain vehicle trail system in the cities of Virginia, Eveleth, Gilbert, and Mountain Iron and surrounding areas. This is a onetime appropriation and is available until June 30, 2021.

(b) $200,000 the second year is from the off-road vehicle account in the natural resources fund for a contract with a project administrator to assist the commissioner in planning, designing, and providing a system of state touring routes for off-road vehicles by identifying sustainable, legal routes suitable for licensed four-wheel drive vehicles and a system of recreational trails for registered off-road vehicles. Any portion of this appropriation not used for the project administrator is available for signage or promotion of the system. This is a onetime appropriation.

(c) $200,000 the second year is from the off-road vehicle account in the natural resources fund for a

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contract to prepare a comprehensive, statewide, strategic master plan for trails for off-road vehicles. The master plan must be consistent with federal, tribal, state, and local law and regulations. The commissioner must consult with the Minnesota Four Wheel Drive Association in developing contract criteria. This is a onetime appropriation and is available until June 30, 2019.

(d) $200,000 the second year is from the off-road vehicle account in the natural resources fund to reimburse federal, county, and township entities for additional needs on roads under the claimant's jurisdiction when the needs are a result of increased use by off-road vehicles and are attributable to a border-to-border touring route established by the commissioner. This paragraph does apply to roads that are operated by a public road authority as defined in Minnesota Statutes, section 160.02, subdivision 25. This is a onetime appropriation and is available until June 30, 2023. To be eligible for reimbursement under this paragraph, the claimant must demonstrate that the needs result from additional traffic generated by the border-to-border touring route.

(e) $315,000 the second year is from the natural resources fund for a grant to St. Louis County to be used as a match to a state bonding grant for trail and bridge construction and for a maintenance fund for a five-mile segment of the Voyageur Country ATV trail system, including a multiuse bridge over the Vermilion River that would serve ATVs, snowmobiles, off-road vehicles, off-highway motorcycles, and emergency vehicles in St. Louis County. Of this amount, $285,000 is from the all-terrain vehicle account, $15,000 is from the off-road vehicle account, and $15,000 is from the off-highway motorcycle account. This is a onetime appropriation and is available until June 30, 2021.

(f) $300,000 the second year is from the natural resources fund for a grant to Lake County to match other funding sources to develop the Prospectors Loop trail system. Of this amount, $270,000 is from the all-terrain vehicle account, $15,000 is from the off-highway motorcycle account, and $15,000 is from the off-road vehicle account. This is a onetime appropriation and is available until June 30, 2021.

(g) $100,000 the second year is from the all-terrain vehicle account in the natural resources fund for wetland delineation and work on an environmental assessment worksheet for the Taconite State Trail from Ely to Tower consistent with the 2017 Taconite State

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Trail Master Plan. This is a onetime appropriation and is available until June 30, 2021.

Subd. 6. **Fish and Wildlife Management** -0- 1,092,000

(a) $438,000 the second year is for wildlife disease surveillance and response. This is a onetime appropriation.

(b) The commissioner may use up to $7,000 of the amount appropriated from the general fund in Laws 2017, chapter 93, article 1, section 3, subdivision 8, to cover the cost of:

(1) the redesign of the printed and digital versions of fishing regulations and hunting and trapping regulations; and

(2) the reprogramming of the electronic licensing system, to conform to the requirements of providing voter registration information under Minnesota Statutes, section 97A.409.

(c) Notwithstanding Minnesota Statutes, section 297A.94, $654,000 the second year is from the heritage enhancement account in the game and fish fund for planning and emergency response to disease outbreaks in wildlife. This is a onetime appropriation and is available until June 30, 2020.

Subd. 7. **Enforcement** -0- 248,000

(a) $208,000 the second year is for responding to escaped animals from Cervidae farms, including inspection of farmed Cervidae, farmed Cervidae facilities, and farmed Cervidae records when the commissioner has reasonable suspicion that laws protecting native wild animals or other provisions of Minnesota Statutes, section 35.155 have been violated. This is a onetime appropriation.

(b) $40,000 the second year is from the all-terrain vehicle account in the natural resources fund to develop a voluntary online youth all-terrain vehicle training program under Minnesota Statutes, section 84.925, subdivision 1. This is a onetime appropriation.

Sec. 4. **BOARD OF WATER AND SOIL RESOURCES.** **$** **-0-** **$** **25,000**

$25,000 the second year is for a grant to the Red River Basin Commission for water quality and floodplain management. This is a onetime appropriation.

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Sec. 5. **NATURAL RESOURCES DAMAGES ACCOUNT TRANSFER**

By June 30, 2018, any money in the general portion of the remediation fund dedicated for the purposes of the natural resources damages account must be transferred to the natural resources damages account.

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

Sec. 6. Laws 2010, chapter 361, article 4, section 78, is amended to read:

Sec. 78. **APPROPRIATION; MOOSE TRAIL.**

$100,000 in fiscal year 2011 is appropriated to the commissioner of natural resources from the all-terrain vehicle account in the natural resources fund for a grant to the city of Hoyt Lakes ~~to convert the Moose Trail snowmobile trail to~~ for a dual usage ~~trail, so that it may also be used as an~~ off-highway vehicle trail connecting the city of Biwabik to the Iron Range Off-Highway Vehicle Recreation Area. This is a onetime appropriation and is available until ~~spent~~ June 30, 2020.

Sec. 7. Laws 2016, chapter 189, article 3, section 3, subdivision 5, is amended to read:

Subd. 5. **Parks and Trails Management** -0- 6,459,000

Appropriations by Fund

	2016	2017
General	-0-	2,929,000
Natural Resources	-0-	3,530,000

$2,800,000 the second year is a onetime appropriation.

$2,300,000 the second year is from the state parks account in the natural resources fund. Of this amount, $1,300,000 is onetime, of which $1,150,000 is for strategic park acquisition.

$20,000 the second year is from the natural resources fund to design and erect signs marking the David Dill trail designated in this act. Of this amount, $10,000 is from the snowmobile trails and enforcement account and $10,000 is from the all-terrain vehicle account. This is a onetime appropriation.

$100,000 the second year is for the improvement of the infrastructure for sanitary sewer service at the Woodenfrog Campground in Kabetogama State Forest. This is a onetime appropriation.

$29,000 the second year is for computer programming related to the transfer-on-death title changes for watercraft. This is a onetime appropriation.

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$210,000 the first year is from the water recreation account in the natural resources fund for implementation of Minnesota Statutes, section 86B.532, established in this act. This is a onetime appropriation. The commissioner of natural resources shall seek federal and other nonstate funds to reimburse the department for the initial costs of producing and distributing carbon monoxide boat warning labels. All amounts collected under this paragraph shall be deposited into the water recreation account.

$1,000,000 the second year is from the natural resources fund for a grant to Lake County for construction, including bridges, of the Prospectors ATV Trail System linking the communities of Ely, Babbitt, Embarrass, and Tower; Bear Head Lake and Lake Vermilion-Soudan Underground Mine State Parks; the Taconite State Trail; and the Lake County Regional ATV Trail System. Of this amount, $900,000 is from the all-terrain vehicle account, $50,000 is from the off-highway motorcycle account, and $50,000 is from the off-road vehicle account. This is a onetime appropriation and is available until June 30, 2019.

Sec. 8. Laws 2016, chapter 189, article 3, section 4, is amended to read:

Sec. 4. **BOARD OF WATER AND SOIL RESOURCES** **$ -0- $ 479,000**

$479,000 the second year is for the development of a detailed plan to implement a working lands watershed restoration program to incentivize the establishment and maintenance of perennial crops that includes the following:

(1) a process for selecting pilot watersheds that are expected to result in the greatest water quality improvements and exhibit readiness to participate in the program;

(2) an assessment of the quantity of agricultural land that is expected to be eligible for the program in each watershed;

(3) an assessment of landowner interest in participating in the program;

(4) an assessment of the contract terms and any recommendations for changes to the terms, including consideration of variable payment rates for lands of different priority or type;

(5) an assessment of the opportunity to leverage federal funds through the program and recommendations on

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how to maximize the use of federal funds for assistance to establish perennial crops;

(6) an assessment of how other state programs could complement the program;

(7) an estimate of water quality improvements expected to result from implementation in pilot watersheds;

(8) an assessment of how to best integrate program implementation with existing conservation requirements and develop recommendations on harvest practices and timing to benefit wildlife production;

(9) an assessment of the potential viability and water quality benefit of cover crops used in biomass processing facilities;

(10) a timeline for implementation, coordinated to the extent possible with proposed biomass processing facilities; ~~and~~

(11) a projection of funding sources needed to complete implementation~~.~~;

(12) outreach to local governments, interest groups, and individual farmers on the economic and environmental benefits of perennial and cover crops;

(13) establishment of detailed criteria to target the location of perennial and cover crops on a watershed basis to maximize the environmental benefit at the lowest cost; and

(14) development of model contracts to include payment rates, duration, type of crops, harvest standards, and monitoring procedures for use in future program implementation.

This is a onetime appropriation and is available until June 30, ~~2018~~ 2019.

The board shall coordinate development of the working lands watershed restoration plan with stakeholders and the commissioners of natural resources, agriculture, and the Pollution Control Agency. The board must submit an interim report by October 15, ~~2017~~ 2018, and the feasibility study and program plan by February 1, ~~2018~~ 2019, to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture, natural resources, and environment policy and finance and to the Clean Water Council.

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Sec. 9. Laws 2017, chapter 93, article 1, section 3, subdivision 6, is amended to read:

		~~67,750,000~~
Subd. 6. **Fish and Wildlife Management**	68,207,000	69,210,000

Appropriations by Fund

	2018	2019
Natural Resources	1,912,000	1,912,000
Game and Fish	66,295,000	~~65,838,000~~ 67,298,000

(a) $8,283,000 the first year and $8,386,000 the second year are from the heritage enhancement account in the game and fish fund only for activities specified in Minnesota Statutes, section 297A.94, paragraph (e), clause (1). Notwithstanding Minnesota Statutes, section 297A.94, five percent of this appropriation may be used for expanding hunter and angler recruitment and retention.

(b) Notwithstanding Minnesota Statutes, section 297A.94, $30,000 the first year is from the heritage enhancement account in the game and fish fund for the commissioner of natural resources to contract with a private entity to search for a site to construct a world-class shooting range and club house for use by the Minnesota State High School League and for other regional, statewide, national, and international shooting events. The commissioner must provide public notice of the search, including making the public aware of the process through the Department of Natural Resources' media outlets, and solicit input on the location and building options for the facility. The siting search process must include a public process to determine if any business or individual is interested in donating land for the facility, anticipated to be at least 500 acres. The site search team must meet with interested third parties affected by or interested in the facility. The commissioner must submit a report with the results of the site search to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources by March 1, 2018. This is a onetime appropriation.

(c) Notwithstanding Minnesota Statutes, section 297A.94, $30,000 the first year is from the heritage enhancement account in the game and fish fund for a study of lead shot deposition on state lands. By March 1, 2018, the commissioner shall provide a report of the study to the chairs and ranking minority members of the legislative committees with jurisdiction over

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natural resources policy and finance. This is a onetime appropriation.

(d) Notwithstanding Minnesota Statutes, section 297A.94, $500,000 the first year is from the heritage enhancement account in the game and fish fund for planning and emergency response to disease outbreaks in wildlife. This is a onetime appropriation and is available until June 30, 2019.

(e) $8,606,000 the second year is from the deer management account in the game and fish fund for the purposes specified under Minnesota Statutes, section 97A.075, subdivision 1, paragraph (b).

Sec. 10. Laws 2017, chapter 93, article 1, section 4, is amended to read:

Sec. 4. **BOARD OF WATER AND SOIL RESOURCES** **$ 14,311,000 $ 14,164,000**

(a) $3,423,000 the first year and $3,423,000 the second year are for natural resources block grants to local governments. Grants must be matched with a combination of local cash or in-kind contributions. The base grant portion related to water planning must be matched by an amount as specified by Minnesota Statutes, section 103B.3369. The board may reduce the amount of the natural resources block grant to a county by an amount equal to any reduction in the county's general services allocation to a soil and water conservation district from the county's previous year allocation when the board determines that the reduction was disproportionate.

(b) $3,116,000 the first year and $3,116,000 the second year are for grants to soil and water conservation districts for the purposes of Minnesota Statutes, sections 103C.321 and 103C.331, and for general purposes, nonpoint engineering, and implementation and stewardship of the reinvest in Minnesota reserve program. Expenditures may be made from these appropriations for supplies and services benefiting soil and water conservation districts. Any district receiving a payment under this paragraph shall maintain a Web page that publishes, at a minimum, its annual report, annual audit, annual budget, and meeting notices.

(c) $260,000 the first year and $260,000 the second year are for feedlot water quality cost share grants for feedlots under 300 animal units and nutrient and manure management projects in watersheds where there are impaired waters.

(d) $1,200,000 the first year and $1,200,000 the second year are for soil and water conservation district

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cost-sharing contracts for perennially vegetated riparian buffers, erosion control, water retention and treatment, and other high-priority conservation practices.

(e) $100,000 the first year and $100,000 the second year are for county cooperative weed management cost-share programs and to restore native plants in selected invasive species management sites.

(f) $761,000 the first year and $761,000 the second year are for implementation, enforcement, and oversight of the Wetland Conservation Act, including administration of the wetland banking program and in-lieu fee mechanism.

(g) $300,000 the first year is for improving the efficiency and effectiveness of Minnesota's wetland regulatory programs through continued examination of United States Clean Water Act section 404 assumption including negotiation of draft agreements with the United States Environmental Protection Agency and the United States Army Corps of Engineers, planning for an online permitting system, upgrading the existing wetland banking database, and developing an in-lieu fee wetland banking program as authorized by statute. This is a onetime appropriation and is available until June 30, 2019.

(h) $166,000 the first year and $166,000 the second year are to provide technical assistance to local drainage management officials and for the costs of the Drainage Work Group. The Board of Water and Soil Resources must coordinate the stakeholder drainage work group in accordance with Minnesota Statutes, section 103B.101, subdivision 13, to evaluate and make recommendations to accelerate drainage system acquisition and establishment of ditch buffer strips under Minnesota Statutes, chapter 103E, or compatible alternative practices required by Minnesota Statutes, section 103F.48. The evaluation and recommendations must be submitted in a report to the senate and house of representatives committees with jurisdiction over agriculture and environment policy by February 1, 2018.

(i) $100,000 the first year and $100,000 the second year are for a grant to the Red River Basin Commission for water quality and floodplain management, including administration of programs. This appropriation must be matched by nonstate funds. If the appropriation in either year is insufficient, the appropriation in the other year is available for it.

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(j) $140,000 the first year and $140,000 the second year are for grants to Area II Minnesota River Basin Projects for floodplain management.

(k) $125,000 the first year and $125,000 the second year are for conservation easement stewardship.

(l) $240,000 the first year and $240,000 the second year are for a grant to the Lower Minnesota River Watershed District to defray the annual cost of operating and maintaining sites for dredge spoil to sustain the state, national, and international commercial and recreational navigation on the lower Minnesota River.

(m) $4,380,000 the first year and $4,533,000 the second year are for Board of Water and Soil Resources agency administration and operations.

(n) Notwithstanding Minnesota Statutes, section 103C.501, the board may shift cost-share funds in this section and may adjust the technical and administrative assistance portion of the grant funds to leverage federal or other nonstate funds or to address high-priority needs identified in local water management plans or comprehensive water management plans.

(o) The appropriations for grants in this section are available until June 30, 2021, except returned grants are available for two years after they are returned. If an appropriation for grants in either year is insufficient, the appropriation in the other year is available for it.

(p) Notwithstanding Minnesota Statutes, section 16B.97, the appropriations for grants in this section are exempt from Department of Administration, Office of Grants Management Policy 08-08 Grant Payments and 08-10 Grant Monitoring.

ARTICLE 20

ENVIRONMENT AND NATURAL RESOURCES POLICY

Section 1. **[11A.236] ACCOUNT FOR INVESTMENT OF PERMIT TO MINE FINANCIAL ASSURANCE MONEY.**

Subdivision 1. **Establishment; appropriation.** (a) The State Board of Investment, when requested by the commissioner of natural resources, may invest money collected by the commissioner as part of financial assurance provided under a permit to mine issued under chapter 93. The State Board of Investment may establish one or more accounts into which money may be deposited for the purposes of this section, subject to the policies and procedures of the State Board of Investment. Use of any money in the account shall be restricted to the financial assurance purposes identified in sections 93.46 to 93.51, and rules adopted thereunder, and as authorized under any trust fund agreements or other conditions established under a permit to mine.

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(b) Money in the accounts is appropriated to the commissioner for the purposes for which the account is established under this section.

Subd. 2. **Account maintenance and investment.** The commissioner of natural resources may deposit money in the appropriate account and may withdraw money from the appropriate account for the financial assurance purposes identified in sections 93.46 to 93.51 and rules adopted thereunder and as authorized under any trust fund agreements or other conditions established under the permit to mine for which the financial assurance is provided, subject to the policies and procedures of the State Board of Investment. Investment strategies related to an account established under this section must be determined jointly by the commissioner of natural resources and the executive director of the State Board of Investment. The authorized investments for an account shall be the investments authorized under section 11A.24 that are made available for investment by the State Board of Investment. Investment transactions must be at a time and in a manner determined by the executive director of the State Board of Investment. Decisions to withdraw money from the account must be determined by the commissioner of natural resources, subject to the policies and procedures of the State Board of Investment. Investment earnings must be credited to the appropriate account for financial assurance under the identified permit to mine. An account may be terminated by the commissioner of natural resources at any time, so long as the termination is in accordance with applicable statutes, rules, trust fund agreements, or other conditions established under the permit to mine, subject to the policies and procedures of the State Board of Investment.

Sec. 2. Minnesota Statutes 2016, section 17.494, is amended to read:

17.494 AQUACULTURE PERMITS; RULES.

(a) The commissioner shall act as permit or license coordinator for aquatic farmers and shall assist aquatic farmers to obtain licenses or permits.

~~By July 1, 1992,~~ (b) A state agency issuing multiple permits or licenses for aquaculture shall consolidate the permits or licenses required for every aquatic farm location. The Department of Natural Resources transportation permits are exempt from this requirement. State agencies shall adopt rules or issue commissioner's orders that establish permit and license requirements, approval timelines, and compliance standards. Saltwater aquatic farms, as defined in section 17.4982, and processing facilities for saltwater aquatic life, as defined in section 17.4982, must be classified as agricultural operations for purposes of any construction, discharge, or other permit issued by the Pollution Control Agency.

Nothing in this section modifies any state agency's regulatory authority over aquaculture production.

Sec. 3. Minnesota Statutes 2016, section 17.4982, is amended by adding a subdivision to read:

Subd. 20a. **Saltwater aquaculture.** "Saltwater aquaculture" means the commercial propagation and rearing of saltwater aquatic life, including, but not limited to, crustaceans, primarily for consumption as human food.

Sec. 4. Minnesota Statutes 2016, section 17.4982, is amended by adding a subdivision to read:

Subd. 20b. **Saltwater aquatic farm.** "Saltwater aquatic farm" means a facility used for saltwater aquaculture, including, but not limited to, artificial ponds, vats, tanks, raceways, and other facilities that an aquatic farmer owns or has exclusive control of for the sole purpose of producing saltwater aquatic life.

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Sec. 5. Minnesota Statutes 2016, section 17.4982, is amended by adding a subdivision to read:

Subd. 20c. **Saltwater aquatic life.** "Saltwater aquatic life" means aquatic species that are saltwater obligates or perform optimally when raised in salinities closer to that of natural seawater and need saltwater to survive.

Sec. 6. **[17.499] TRANSPORTATION OR IMPORTATION OF SALTWATER AQUATIC LIFE; QUARANTINE REQUIREMENT.**

Subdivision 1. **Purpose.** The legislature finds that it is in the public interest to increase private saltwater aquaculture production and processing in this state under the coordination of the commissioner of agriculture. Additional private production will reduce dependence on foreign suppliers and benefit the rural economy by creating new jobs and economic activity.

Subd. 2. **Transportation permit.** (a) Notwithstanding the requirements in section 17.4985, saltwater aquatic life transportation and importation requirements are governed by this section. A transportation permit is required prior to any importation or intrastate transportation of saltwater aquatic life not exempted under subdivision 3. A transportation permit may be used for multiple shipments within the 30-day term of the permit if the source and the destination remain the same. Transportation permits must be obtained from the commissioner prior to shipment of saltwater aquatic life.

(b) An application for a transportation permit must be made in the form required by the commissioner. The commissioner may reject an incomplete application.

(c) An application for a transportation permit must be accompanied by satisfactory evidence, as determined by the commissioner, that the shipment is free of any nonindigenous species of animal other than the saltwater aquatic species and either:

(1) the facility from which the saltwater aquatic life originated has provided documentation of 36 or more consecutive months of negative testing by an approved laboratory as free of any disease listed by OIE - the World Organisation for Animal Health for that species following the testing guidelines outlined in the OIE Aquatic Animal Health Code for crustaceans or the AFS Fish Health Blue Book for other species, as appropriate; or

(2) the saltwater aquatic life to be imported or transported includes documentation of negative testing for that specific lot by an approved laboratory as free of any disease listed by OIE - the World Organisation for Animal Health for crustaceans or in the AFS Fish Health Blue Book for other species, as appropriate.

If a shipment authorized by the commissioner under clause (1) includes saltwater aquatic life that originated in a foreign country, the shipment must be quarantined at the receiving facility according to a quarantine plan approved by the commissioner. A shipment authorized by the commissioner under clause (2) must be quarantined at the receiving facility according to a quarantine plan approved by the commissioner.

(d) For purposes of this subdivision, "approved laboratory" means a laboratory approved by the commissioner or the United States Department of Agriculture, Animal and Plant Health Inspection Services.

(e) No later than 14 calendar days after a completed transportation permit application is received, the commissioner must approve or deny the transportation permit application.

(f) A copy of the transportation permit must accompany a shipment of saltwater aquatic life while in transit and must be available for inspection by the commissioner.

(g) A vehicle used by a licensee for transporting aquatic life must be identified with the license number and the licensee's name and town of residence as it appears on the license. A vehicle used by a licensee must have identification displayed so that it is readily visible from either side of the vehicle in letters and numbers not less than 2-1/2 inches high and three-eighths inch wide. Identification may be permanently affixed to

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vehicles or displayed on removable plates or placards placed on opposite doors of the vehicle or on the tanks carried on the vehicle.

(h) An application to license a vehicle for brood stock or larvae transport or for use as a saltwater aquatic life vendor that is received by the commissioner is a temporary license until approved or denied by the commissioner.

Subd. 3. **Exemptions.** (a) A transportation permit is not required to transport or import saltwater aquatic life:

(1) previously processed for use as food or other purposes unrelated to propagation;

(2) transported directly to an outlet for processing as food or for other food purposes if accompanied by shipping documents;

(3) that is being exported if accompanied by shipping documents;

(4) that is being transported through the state if accompanied by shipping documents; or

(5) transported intrastate within or between facilities licensed for saltwater aquaculture by the commissioner if accompanied by shipping documents.

(b) Shipping documents required under paragraph (a) must include the place of origin, owner or consignee, destination, number, species, and satisfactory evidence, as determined by the commissioner, of the disease-free certification required under subdivision 2, paragraph (c), clauses (1) and (2).

Sec. 7. Minnesota Statutes 2017 Supplement, section 84.01, subdivision 6, is amended to read:

Subd. 6. **Legal counsel.** The commissioner of natural resources may appoint attorneys or outside counsel to render title opinions, represent the department in severed mineral interest forfeiture actions brought pursuant to section 93.55, and, notwithstanding any statute to the contrary, represent the state in quiet title or title registration actions affecting land or interests in land administered by the commissioner and in all proceedings relating to road vacations.

Sec. 8. Minnesota Statutes 2016, section 84.0895, subdivision 2, is amended to read:

Subd. 2. **Application.** (a) Subdivision 1 does not apply to:

(1) plants on land classified for property tax purposes as class 2a or 2c agricultural land under section 273.13, ~~or~~ on ~~ditches and roadways~~ a ditch, or on an existing public road right-of-way as defined in section 84.92, subdivision 6a, except for ground not previously disturbed by construction or maintenance; and

(2) noxious weeds designated pursuant to sections 18.76 to 18.88 or to weeds otherwise designated as troublesome by the Department of Agriculture.

(b) If control of noxious weeds is necessary, it takes priority over the protection of endangered plant species, as long as a reasonable effort is taken to preserve the endangered plant species first.

(c) The taking or killing of an endangered plant species on land adjacent to class 3 or 3b agricultural land as a result of the application of pesticides or other agricultural chemical on the class 3 or 3b land is not a violation of subdivision 1, if reasonable care is taken in the application of the pesticide or other chemical to avoid impact on adjacent lands. For the purpose of this paragraph, class 3 or 3b agricultural land does not include timber land, waste land, or other land for which the owner receives a state paid wetlands or native prairie tax credit.

(d) The accidental taking of an endangered plant, where the existence of the plant is not known at the time of the taking, is not a violation of subdivision 1.

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Sec. 9. Minnesota Statutes 2016, section 84.775, subdivision 1, is amended to read:

Subdivision 1. **Civil citation; authority to issue.** (a) A conservation officer or other licensed peace officer may issue a civil citation to a person who operates:

(1) an off-highway motorcycle in violation of sections 84.773, subdivision 1 or 2, clause (1); 84.777; 84.788 to 84.795; or 84.90;

(2) an off-road vehicle in violation of sections 84.773, subdivision 1 or 2, clause (1); 84.777; 84.798 to 84.804; or 84.90; or

(3) an all-terrain vehicle in violation of sections 84.773, subdivision 1 or 2, clause (1); 84.777; 84.90; or 84.922 to 84.928.

(b) A civil citation under paragraph (a) shall require restitution for public and private property damage and impose a penalty of:

(1) $100 for the first offense;

(2) $200 for the second offense; and

(3) $500 for third and subsequent offenses.

(c) A conservation officer or other licensed peace officer may issue a civil citation to a person who operates an off-highway motorcycle, off-road vehicle, or all-terrain vehicle in violation of section 84.773, subdivision 2, clause (2) or (3). A civil citation under this paragraph shall require restitution for damage to wetlands and impose a penalty of:

(1) $100 for the first offense;

(2) $500 for the second offense; and

(3) $1,000 for third and subsequent offenses.

(d) If the peace officer determines that there is damage to property requiring restitution, the commissioner must send a written explanation of the extent of the damage and the cost of the repair by first class mail to the address provided by the person receiving the citation within 15 days of the date of the citation.

(e) An off-road vehicle ~~or all-terrain vehicle~~ that is equipped with a snorkel device and receives a civil citation under this section is subject to twice the penalty amounts in paragraphs (b) and (c).

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

Sec. 10. Minnesota Statutes 2016, section 84.86, subdivision 1, is amended to read:

Subdivision 1. **Required rules.** With a view of achieving maximum use of snowmobiles consistent with protection of the environment the commissioner of natural resources shall adopt rules in the manner provided by chapter 14, for the following purposes:

(1) Registration of snowmobiles and display of registration numbers.

(2) Use of snowmobiles insofar as game and fish resources are affected.

(3) Use of snowmobiles on public lands and waters, or on grant-in-aid trails.

(4) Uniform signs to be used by the state, counties, and cities, which are necessary or desirable to control, direct, or regulate the operation and use of snowmobiles.

(5) Specifications relating to snowmobile mufflers.

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(6) A comprehensive snowmobile information and safety education and training program, including but not limited to the preparation and dissemination of snowmobile information and safety advice to the public, the training of snowmobile operators, and the issuance of snowmobile safety certificates to snowmobile operators who successfully complete the snowmobile safety education and training course. For the purpose of administering such program and to defray expenses of training and certifying snowmobile operators, the commissioner shall collect a fee from each person who receives the youth or adult training. The commissioner shall collect a fee, to include a $1 issuing fee for licensing agents, for issuing a duplicate snowmobile safety certificate. The commissioner shall establish both fees in a manner that neither significantly overrecovers nor underrecovers costs, including overhead costs, involved in providing the services. The fees are not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. The fees may be established by the commissioner notwithstanding section 16A.1283. The fees, except for the issuing fee for licensing agents under this subdivision, shall be deposited in the snowmobile trails and enforcement account in the natural resources fund and the amount thereof, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, and issuing fees collected by the commissioner, is appropriated annually to the Enforcement Division of the Department of Natural Resources for the administration of such programs. In addition to the fee established by the commissioner, instructors may charge each person any fee paid by the instructor for the person's online training course and up to the established fee amount for class materials and expenses. The commissioner shall cooperate with private organizations and associations, private and public corporations, and local governmental units in furtherance of the program established under this clause. School districts may cooperate with the commissioner and volunteer instructors to provide space for the classroom portion of the training. The commissioner shall consult with the commissioner of public safety in regard to training program subject matter and performance testing that leads to the certification of snowmobile operators.

(7) The operator of any snowmobile involved in an accident resulting in injury requiring medical attention or hospitalization to or death of any person or total damage to an extent of $500 or more, shall forward a written report of the accident to the commissioner on such form as the commissioner shall prescribe. If the operator is killed or is unable to file a report due to incapacitation, any peace officer investigating the accident shall file the accident report within ten business days.

Sec. 11. Minnesota Statutes 2017 Supplement, section 84.91, subdivision 1, is amended to read:

Subdivision 1. **Acts prohibited.** (a) No owner or other person having charge or control of any snowmobile or all-terrain vehicle shall authorize or permit any individual the person knows or has reason to believe is under the influence of alcohol or a controlled substance or other substance to operate the snowmobile or all-terrain vehicle anywhere in this state or on the ice of any boundary water of this state.

(b) No owner or other person having charge or control of any snowmobile or all-terrain vehicle shall knowingly authorize or permit any person, who by reason of any physical or mental disability is incapable of operating the vehicle, to operate the snowmobile or all-terrain vehicle anywhere in this state or on the ice of any boundary water of this state.

(c) A person who operates or is in physical control of a snowmobile or all-terrain vehicle anywhere in this state or on the ice of any boundary water of this state is subject to chapter 169A. In addition to the applicable sanctions under chapter 169A, a person who is convicted of violating section 169A.20 or an ordinance in conformity with it ~~while operating a snowmobile or all-terrain vehicle~~, or who refuses to comply with a lawful request to submit to testing under sections 169A.50 to 169A.53 or 171.177, or an ordinance in conformity with it, shall be prohibited from operating a snowmobile or all-terrain vehicle for a period of one year. The commissioner shall notify the person of the time period during which the person is prohibited from operating a snowmobile or all-terrain vehicle.

(d) Administrative and judicial review of the operating privileges prohibition ~~is governed by section 97B.066, subdivisions 7 to 9, if the person does not have a prior impaired driving conviction or prior license~~

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~~revocation, as defined in section 169A.03. Otherwise, administrative and judicial review of the prohibition~~ is governed by section 169A.53 or 171.177.

(e) The court shall promptly forward to the commissioner and the Department of Public Safety copies of all convictions and criminal and civil sanctions imposed under:

(1) this section ~~and chapters~~;

(2) chapter 169 ~~and~~ relating to snowmobiles and all-terrain vehicles;

(3) chapter 169A ~~relating to snowmobiles and all-terrain vehicles.~~; and

(4) section 171.177.

(f) A person who violates paragraph (a) or (b), or an ordinance in conformity with either of them, is guilty of a misdemeanor. A person who operates a snowmobile or all-terrain vehicle during the time period the person is prohibited from operating a vehicle under paragraph (c) is guilty of a misdemeanor.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to violations committed on or after that date.

Sec. 12. Minnesota Statutes 2017 Supplement, section 84.925, subdivision 1, is amended to read:

Subdivision 1. ~~**Program**~~ **Training and certification programs established.** (a) The commissioner shall establish:

(1) a comprehensive all-terrain vehicle environmental and safety education and training certification program, including the preparation and dissemination of vehicle information and safety advice to the public, the training of all-terrain vehicle operators, and the issuance of all-terrain vehicle safety certificates to vehicle operators over the age of 12 years who successfully complete the all-terrain vehicle environmental and safety education and training course~~.~~; and

(2) a voluntary all-terrain vehicle online training program for youth and a parent or guardian, offered at no charge for operators at least six years of age but younger than ten years of age.

(b) A parent or guardian must be present at ~~the hands-on~~ a training ~~portion of the~~ program ~~for~~ when the youth ~~who are six through ten~~ is under ten years of age.

~~(b)~~ (c) For the purpose of administering the program and to defray the expenses of training and certifying vehicle operators, the commissioner shall collect a fee from each person who receives the training for certification under paragraph (a), clause (1). The commissioner shall collect a fee, to include a $1 issuing fee for licensing agents, for issuing a duplicate all-terrain vehicle safety certificate. The commissioner shall establish both fees in a manner that neither significantly overrecovers nor underrecovers costs, including overhead costs, involved in providing the services. The fees are not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. The fees may be established by the commissioner notwithstanding section 16A.1283. Fee proceeds, except for the issuing fee for licensing agents under this subdivision, shall be deposited in the all-terrain vehicle account in the natural resources fund and the amount thereof, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, and issuing fees collected by the commissioner, is appropriated annually to the Enforcement Division of the Department of Natural Resources for the administration of the programs. In addition to the fee established by the commissioner, instructors may charge each person up to the established fee amount for class materials and expenses.

~~(c)~~ (d) The commissioner shall cooperate with private organizations and associations, private and public corporations, and local governmental units in furtherance of the ~~program~~ programs established under this section. School districts may cooperate with the commissioner and volunteer instructors to provide space for the classroom portion of the training. The commissioner shall consult with the commissioner of public

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safety in regard to ~~training program~~ the subject matter of the training programs and performance testing that leads to the certification of vehicle operators. The commissioner shall incorporate a riding component in the ~~safety education and~~ training ~~program~~ certification programs established under this section, and may incorporate a riding component in the training program as established in paragraph (a), clause (2).

Sec. 13. Minnesota Statutes 2017 Supplement, section 84.9256, subdivision 1, is amended to read:

Subdivision 1. **Prohibitions on youthful operators.** (a) Except for operation on public road rights-of-way that is permitted under section 84.928 and as provided under paragraph (j), a driver's license issued by the state or another state is required to operate an all-terrain vehicle along or on a public road right-of-way.

(b) A person under 12 years of age shall not:

(1) make a direct crossing of a public road right-of-way;

(2) operate an all-terrain vehicle on a public road right-of-way in the state; or

(3) operate an all-terrain vehicle on public lands or waters, except as provided in paragraph (f).

(c) Except for public road rights-of-way of interstate highways, a person 12 years of age but less than 16 years may make a direct crossing of a public road right-of-way of a trunk, county state-aid, or county highway or operate on public lands and waters or state or grant-in-aid trails, only if that person possesses a valid all-terrain vehicle safety certificate issued by the commissioner and is accompanied by a person 18 years of age or older who holds a valid driver's license.

(d) To be issued an all-terrain vehicle safety certificate, a person at least 12 years old, but less than 16 years old, must:

(1) successfully complete the safety education and training program under section 84.925, subdivision 1, including a riding component; and

(2) be able to properly reach and control the handle bars and reach the foot pegs while sitting upright on the seat of the all-terrain vehicle.

(e) A person at least ~~six~~ ten years of age may take the safety education and training program and may receive an all-terrain vehicle safety certificate under paragraph (d), but the certificate is not valid until the person reaches age 12.

(f) A person at least ten years of age but under 12 years of age may operate an all-terrain vehicle with an engine capacity up to 110cc if the vehicle is a class 1 all-terrain vehicle with straddle-style seating or up to 170cc if the vehicle is a class 1 all-terrain vehicle with side-by-side-style seating on public lands or waters if accompanied by a parent or legal guardian.

(g) A person under 15 years of age shall not operate a class 2 all-terrain vehicle.

(h) A person under the age of 16 may not operate an all-terrain vehicle on public lands or waters or on state or grant-in-aid trails if the person cannot properly reach and control:

(1) the handle bars and reach the foot pegs while sitting upright on the seat of the all-terrain vehicle with straddle-style seating; or

(2) the steering wheel and foot controls of a class 1 all-terrain vehicle with side-by-side-style seating while sitting upright in the seat with the seat belt fully engaged.

(i) Notwithstanding paragraph (c), a nonresident at least 12 years old, but less than 16 years old, may make a direct crossing of a public road right-of-way of a trunk, county state-aid, or county highway or operate an all-terrain vehicle on public lands and waters or state or grant-in-aid trails if:

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(1) the nonresident youth has in possession evidence of completing an all-terrain safety course offered by the ATV Safety Institute or another state as provided in section 84.925, subdivision 3; and

(2) the nonresident youth is accompanied by a person 18 years of age or older who holds a valid driver's license.

(j) A person 12 years of age but less than 16 years of age may operate an all-terrain vehicle on the roadway, bank, slope, or ditch of a public road right-of-way as permitted under section 84.928 if the person:

(1) possesses a valid all-terrain vehicle safety certificate issued by the commissioner; and

(2) is accompanied by a parent or legal guardian on a separate all-terrain vehicle.

Sec. 14. Minnesota Statutes 2016, section 84.928, subdivision 2, is amended to read:

Subd. 2. **Operation generally.** A person may not drive or operate an all-terrain vehicle:

(1) at a rate of speed greater than reasonable or proper under the surrounding circumstances;

(2) in a careless, reckless, or negligent manner so as to endanger or to cause injury or damage to the person or property of another;

(3) without headlight and taillight lighted at all times if the vehicle is equipped with headlight and taillight;

(4) without a functioning stoplight if so equipped;

(5) in a tree nursery or planting in a manner that damages or destroys growing stock;

(6) without a brake operational by either hand or foot;

(7) with more than one person on the vehicle, except as allowed under section 84.9257;

(8) at a speed exceeding ten miles per hour on the frozen surface of public waters within 100 feet of a person not on an all-terrain vehicle or within 100 feet of a fishing shelter; or

~~(9) with a snorkel device that has a raised air intake six inches or more above the vehicle manufacturer's original air intake, except within the Iron Range Off-Highway Vehicle Recreation Area as described in section 85.013, subdivision 12a, or other public off-highway vehicle recreation areas; or~~

~~(10)~~ (9) in a manner that violates operation rules adopted by the commissioner.

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

Sec. 15. 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), (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.

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(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 Minnesota River downstream of Granite Falls, 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) 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) 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.

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

Sec. 16. Minnesota Statutes 2017 Supplement, section 84D.03, subdivision 4, is amended to read:

Subd. 4. **Restrictions in infested and noninfested waters; commercial fishing and turtle, frog, and crayfish harvesting.** (a) All nets, traps, buoys, anchors, stakes, and lines used for commercial fishing or turtle, frog, or crayfish harvesting in an infested water that is listed because it contains invasive fish, invertebrates, aquatic plants or aquatic macrophytes other than Eurasian watermilfoil, or certifiable diseases, as defined in section 17.4982, must be tagged with tags provided by the commissioner, as specified in the commercial licensee's license or permit. Tagged gear must not be used in water bodies other than those specified in the license or permit. The license or permit may authorize department staff to remove tags ~~after the~~ from gear ~~is~~ that has been decontaminated according to a protocol specified by the commissioner if use of the decontaminated gear in other water bodies would not pose an unreasonable risk of harm to natural

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resources or the use of natural resources in the state. This tagging requirement does not apply to commercial fishing equipment used in Lake Superior.

(b) All nets, traps, buoys, anchors, stakes, and lines used for commercial fishing or turtle, frog, or crayfish harvesting in an infested water that is listed solely because it contains Eurasian watermilfoil must be dried for a minimum of ten days or frozen for a minimum of two days before they are used in any other waters, except as provided in this paragraph. Commercial licensees must notify the department's regional or area fisheries office or a conservation officer before removing nets or equipment from an infested water listed solely because it contains Eurasian watermilfoil and before resetting those nets or equipment in any other waters. Upon notification, the commissioner may authorize a commercial licensee to move nets or equipment to another water without freezing or drying, if that water is listed as infested solely because it contains Eurasian watermilfoil.

(c) A commercial licensee must remove all aquatic macrophytes from nets and other equipment before placing the equipment into waters of the state.

(d) The commissioner shall provide a commercial licensee with a current listing of listed infested waters at the time that a license or permit is issued.

Sec. 17. Minnesota Statutes 2017 Supplement, section 84D.108, subdivision 2b, is amended to read:

Subd. 2b. **Gull Lake pilot study.** (a) The commissioner may include an additional targeted pilot study to include water-related equipment with zebra mussels attached for ~~the Gull Narrows State Water Access Site, Government Point State Water Access Site, and Gull East State~~ water access ~~Site~~ sites on Gull Lake (DNR Division of Waters number 11-0305) in Cass and Crow Wing Counties using the same authorities, general procedures, and requirements provided for the Lake Minnetonka pilot project in subdivision 2a. Lake service providers participating in the Gull Lake targeted pilot study place of business must be located in Cass or Crow Wing County.

(b) If an additional targeted pilot project for Gull Lake is implemented under this section, the report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over natural resources required under Laws 2016, chapter 189, article 3, section 48, must also include the Gull Lake targeted pilot study recommendations and assessments.

(c) This subdivision expires December 1, 2019.

Sec. 18. Minnesota Statutes 2017 Supplement, section 84D.108, subdivision 2c, is amended to read:

Subd. 2c. **Cross Lake pilot study.** (a) The commissioner may include an additional targeted pilot study to include water-related equipment with zebra mussels attached for ~~the Cross Lake #1 State~~ water access ~~Site~~ sites on Cross Lake (DNR Division of Waters number 18-0312) in Crow Wing County using the same authorities, general procedures, and requirements provided for the Lake Minnetonka pilot project in subdivision 2a. The place of business of lake service providers participating in the Cross Lake targeted pilot study must be located in Cass or Crow Wing County.

(b) If an additional targeted pilot project for Cross Lake is implemented under this section, the report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over natural resources required under Laws 2016, chapter 189, article 3, section 48, must also include the Cross Lake targeted pilot study recommendations and assessments.

(c) This subdivision expires December 1, 2019.

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Sec. 19. Minnesota Statutes 2017 Supplement, section 85.0146, subdivision 1, is amended to read:

Subdivision 1. **Advisory council created.** The Cuyuna Country State Recreation Area Citizens Advisory Council is established. Membership on the advisory council shall include:

(1) a representative of ~~the Cuyuna Range Mineland Recreation Area Joint Powers Board~~ Cuyuna Range Economic Development, Inc.;

(2) a representative ~~of~~ for the Croft Mine Historical Park ~~Joint Powers Board~~ appointed by the members of the Cuyuna Country State Recreation Area Citizens Advisory Council who are appointed under clauses (1) and (4) to (13);

(3) a ~~designee of the Cuyuna Range Mineland Reclamation Committee who has worked as a miner in the local area~~ member at large appointed by the members of the Cuyuna Country State Recreation Area Citizens Advisory Council who are appointed under clauses (1) and (4) to (13);

(4) a representative of the Crow Wing County Board;

(5) ~~an elected state official~~ the state senator representing the state recreation area;

(6) the member from the state house of representatives representing the state recreation area;

(7) a representative of the Grand Rapids regional office of the Department of Natural Resources;

~~(7)~~ (8) a designee of the commissioner of Iron Range resources and rehabilitation;

~~(8)~~ (9) a designee of the local business community selected by the area chambers of commerce;

~~(9)~~ (10) a designee of the local environmental community selected by the Crow Wing County District 5 commissioner;

~~(10)~~ (11) a designee of a local education organization selected by the Crosby-Ironton School Board;

~~(11)~~ (12) a designee of one of the recreation area user groups selected by the Cuyuna Range Chamber of Commerce; and

~~(12)~~ (13) a member of the Cuyuna Country Heritage Preservation Society.

Sec. 20. Minnesota Statutes 2017 Supplement, section 86B.331, subdivision 1, is amended to read:

Subdivision 1. **Acts prohibited.** (a) An owner or other person having charge or control of a motorboat may not authorize or allow an individual the person knows or has reason to believe is under the influence of alcohol or a controlled or other substance to operate the motorboat in operation on the waters of this state.

(b) An owner or other person having charge or control of a motorboat may not knowingly authorize or allow a person, who by reason of a physical or mental disability is incapable of operating the motorboat, to operate the motorboat in operation on the waters of this state.

(c) A person who operates or is in physical control of a motorboat on the waters of this state is subject to chapter 169A. In addition to the applicable sanctions under chapter 169A, a person who is convicted of violating section 169A.20 or an ordinance in conformity with it ~~while operating a motorboat~~, shall be prohibited from operating a motorboat on the waters of this state for a period of 90 days between May 1 and October 31, extending over two consecutive years if necessary. If the person ~~operating the motorboat~~ refuses to comply with a lawful demand to submit to testing under sections 169A.50 to 169A.53 or 171.177, or an ordinance in conformity with it, the person shall be prohibited from operating a motorboat for a period of one year. The commissioner shall notify the person of the period during which the person is prohibited from operating a motorboat.

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(d) Administrative and judicial review of the operating privileges prohibition ~~is governed by section 97B.066, subdivisions 7 to 9, if the person does not have a prior impaired driving conviction or prior license revocation, as defined in section 169A.03. Otherwise, administrative and judicial review of the prohibition~~ is governed by section 169A.53 or 171.177.

(e) The court shall promptly forward to the commissioner and the Department of Public Safety copies of all convictions and criminal and civil sanctions imposed under: (1) this section ~~and chapters~~; (2) chapter 169 ~~and~~ relating to motorboats; (3) chapter 169A ~~relating to motorboats~~; and (4) section 171.177.

(f) A person who violates paragraph (a) or (b), or an ordinance in conformity with either of them, is guilty of a misdemeanor.

(g) For purposes of this subdivision, a motorboat "in operation" does not include a motorboat that is anchored, beached, or securely fastened to a dock or other permanent mooring, or a motorboat that is being rowed or propelled by other than mechanical means.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 21. Minnesota Statutes 2016, section 88.10, is amended by adding a subdivision to read:

Subd. 3. **Wildland firefighters; training and licensing.** Forest officers and all individuals employed as wildland firefighters under this chapter are not subject to the requirements of chapter 299N.

Sec. 22. Minnesota Statutes 2016, section 88.75, subdivision 1, is amended to read:

Subdivision 1. **Misdemeanor offenses; damages; injunctive relief.** (a) Any person who violates any of the provisions of sections 88.03 to 88.22 for which no specific penalty is therein prescribed shall be guilty of a misdemeanor and be punished accordingly.

(b) Failure by any person to comply with any provision or requirement of sections 88.03 to 88.22 to which such person is subject shall be deemed a violation thereof.

(c) Any person who violates ~~any provisions of~~ sections 88.03 to 88.22, in addition to any penalties therein prescribed, or hereinbefore in this section prescribed, for such violation, shall also be liable in full damages to any and every person suffering loss or injury by reason of such violation, including liability to the state, and any of its political subdivisions, for all expenses incurred in fighting or preventing the spread of, or extinguishing, any fire caused by, or resulting from, any violation of these sections. Notwithstanding any statute to the contrary, an attorney who is licensed to practice law in Minnesota and is an employee of the Department of Natural Resources may represent the commissioner in proceedings under this subdivision that are removed to district court from conciliation court. All expenses so collected by the state shall be deposited in the general fund. When a fire set by any person spreads to and damages or destroys property belonging to another, the setting of the fire shall be prima facie evidence of negligence in setting and allowing the same to spread.

(d) At any time the state, or any political subdivision thereof, either of its own motion, or at the suggestion or request of the director, may bring an action in any court of competent jurisdiction to restrain, enjoin, or otherwise prohibit any violation of sections 88.03 to 88.22, whether therein described as a crime or not, and likewise to restrain, enjoin, or prohibit any person from proceeding further in, with, or at any timber cutting or other operations without complying with the provisions of those sections, or the requirements of the director pursuant thereto; and the court may grant such relief, or any other appropriate relief, whenever it shall appear that the same may prevent loss of life or property by fire, or may otherwise aid in accomplishing the purposes of sections 88.03 to 88.22.

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Sec. 23. Minnesota Statutes 2016, section 89.551, is amended to read:

89.551 APPROVED FIREWOOD REQUIRED.

(a) After the commissioner issues an order under paragraph (b), a person may not possess firewood on land administered by the commissioner of natural resources unless the firewood:

(1) was obtained from a firewood distribution facility located on land administered by the commissioner;

(2) was obtained from a firewood dealer who is selling firewood that is approved by the commissioner under paragraph (b); or

(3) has been approved by the commissioner of natural resources under paragraph (b).

(b) The commissioner of natural resources shall, by written order published in the State Register, approve firewood for possession on lands administered by the commissioner. The order is not subject to the rulemaking provisions of chapter 14, and section 14.386 does not apply.

(c) A violation under this section is subject to confiscation of firewood ~~and after May 1, 2008, confiscation~~ and a $100 penalty. ~~A firewood dealer shall be subject to confiscation and assessed a $100 penalty for each sale of firewood not approved under the provisions of this section and sold for use on land administered by the commissioner.~~

(d) For the purposes of this section, "firewood" means any wood that is intended for use in a campfire, as defined in section 88.01, subdivision 25.

Sec. 24. Minnesota Statutes 2016, section 97A.051, subdivision 2, is amended to read:

Subd. 2. **Summary of fish and game laws.** (a) The commissioner shall prepare a summary of the hunting and fishing laws and rules and deliver a sufficient supply to license vendors ~~to furnish one copy to each person obtaining a hunting, fishing, or trapping license~~.

(b) At the beginning of the summary, under the heading "Trespass," the commissioner shall summarize the trespass provisions under sections 97B.001 to 97B.945, state that conservation officers and peace officers must enforce the trespass laws, and state the penalties for trespassing.

(c) In the summary the commissioner shall, under the heading "Duty to Render Aid," summarize the requirements under section 609.662 and state the penalties for failure to render aid to a person injured by gunshot.

Sec. 25. Minnesota Statutes 2017 Supplement, section 97A.075, subdivision 1, is amended to read:

Subdivision 1. **Deer, bear, and lifetime licenses.** (a) For purposes of this subdivision, "deer license" means a license issued under section 97A.475, subdivisions 2, clauses (5), (6), (7), (13), (14), and (15); 3, paragraph (a), clauses (2), (3), (4), (10), (11), and (12); and 8, paragraph (b), and licenses issued under section 97B.301, subdivision 4.

(b) $16 from each annual deer license issued under section 97A.475, subdivisions 2, clauses (5), (6), and (7); 3, paragraph (a), clauses (2), (3), and (4); and 8, paragraph (b); $2 from each annual deer license ~~and $2~~ issued under sections 97A.475, subdivisions 2, clauses (13), (14), and (15); and 3, paragraph (a), clauses (10), (11), and (12); and 97B.301, subdivision 4; $16 annually from the lifetime fish and wildlife trust fund, established in section 97A.4742, for each license issued to a person 18 years of age or older under section 97A.473, subdivision 4~~,~~; and $2 annually from the lifetime fish and wildlife trust fund for each license issued to a person under 18 years of age under section 97A.473, subdivision 4, shall be credited to the deer management account ~~and is appropriated to the commissioner for deer habitat improvement or deer~~

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~~management programs~~. The deer management account is established as an account in the game and fish fund and may be used only for deer habitat improvement or deer management programs.

(c) $1 from each annual deer license and each bear license and $1 annually from the lifetime fish and wildlife trust fund, established in section 97A.4742, for each license issued under section 97A.473, subdivision 4, shall be credited to the deer and bear management account and is appropriated to the commissioner for deer- and bear-management programs, including a computerized licensing system.

(d) Fifty cents from each deer license is credited to the emergency deer feeding and wild Cervidae health-management account and is appropriated for emergency deer feeding and wild Cervidae health management. Money appropriated for emergency deer feeding and wild Cervidae health management is available until expended.

When the unencumbered balance in the appropriation for emergency deer feeding and wild Cervidae health management exceeds $2,500,000 at the end of a fiscal year, the unencumbered balance in excess of $2,500,000 is canceled and available for deer- and bear-management programs and computerized licensing.

Sec. 26. **[97A.409] VOTER REGISTRATION INFORMATION.**

(a) On the Department of Natural Resources online license sales Web site for purchasing a resident license to hunt or fish that is required under the game and fish laws, the commissioner must include the voter registration eligibility requirements, a description of how to register to vote before or on election day, and a direct link to the secretary of state's online voter registration Web site. The information and link must be easily readable and displayed in a prominent location.

(b) In the printed and digital versions of fishing regulations and hunting and trapping regulations, the commissioner must include the voter registration eligibility requirements, a description of how to register to vote before or on election day, and a link to the secretary of state's online voter registration Web page. In addition, the commissioner must include a voter registration application in the printed and digital versions of fishing regulations and hunting and trapping regulations.

(c) The secretary of state must provide the required voter registration information to the commissioner. The secretary of state must prepare and approve an alternate form of the voter registration application to be used in the regulations.

EFFECTIVE DATE. Paragraph (a) is effective August 1, 2018, and applies to licenses issued on or after March 1, 2019. Paragraph (b) is effective August 1, 2018, and applies to printed and digital versions of regulations updated on or after that date.

Sec. 27. Minnesota Statutes 2016, section 97A.433, subdivision 4, is amended to read:

Subd. 4. **Discretionary separate selection; eligibility.** (a) The commissioner may conduct a separate selection for up to 20 percent of the elk licenses to be issued for an area. Only owners of, and tenants living on, at least 160 acres of agricultural or grazing land in the area, and their family members, are eligible for the separate selection. Persons that are unsuccessful in a separate selection must be included in the selection for the remaining licenses. Persons who obtain an elk license in a separate selection ~~must allow public elk hunting on their land during the elk season for which the license is valid~~ may sell the license to any Minnesota resident eligible to hunt big game for no more than the original cost of the license.

(b) The commissioner may by rule establish criteria for determining eligible family members under this subdivision.

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Sec. 28. Minnesota Statutes 2016, section 97A.433, subdivision 5, is amended to read:

Subd. 5. **Mandatory separate selection.** The commissioner must conduct a separate selection for 20 percent of the elk licenses to be issued each year. Only individuals who have applied at least ten times for an elk license and who have never received a license are eligible for this separate selection. A person who is unsuccessful in a separate selection under this subdivision must be included in the selection for the remaining licenses.

Sec. 29. Minnesota Statutes 2016, section 97B.015, subdivision 6, is amended to read:

Subd. 6. **Provisional certificate for persons with permanent physical or developmental disability.** Upon the recommendation of a course instructor, the commissioner may issue a provisional firearms safety certificate to a person who satisfactorily completes the classroom portion of the firearms safety course but is unable to pass the written or an alternate format exam portion of the course because of a permanent physical disability or developmental disability as defined in section 97B.1055, subdivision 1. The certificate is valid only when used according to section 97B.1055.

Sec. 30. Minnesota Statutes 2016, section 97B.081, subdivision 3, is amended to read:

Subd. 3. **Exceptions.** (a) It is not a violation of this section for a person to:

(1) cast the rays of a spotlight, headlight, or other artificial light to take raccoons according to section 97B.621, subdivision 3, or tend traps according to section 97B.931;

(2) hunt fox or coyote from January 1 to March 15 while using ~~a handheld~~ an artificial light, provided that the person is:

(i) on foot;

(ii) using a shotgun;

(iii) not within a public road right-of-way;

(iv) using a handheld or electronic calling device; and

(v) not within 200 feet of a motor vehicle; or

(3) cast the rays of a handheld artificial light to retrieve wounded or dead big game animals, provided that the person is:

(i) on foot; and

(ii) not in possession of a firearm or bow.

(b) It is not a violation of subdivision 2 for a person to cast the rays of a spotlight, headlight, or other artificial light to:

(1) carry out any agricultural, safety, emergency response, normal vehicle operation, or occupation-related activities that do not involve taking wild animals; or

(2) carry out outdoor recreation as defined in section 97B.001 that is not related to spotting, locating, or taking a wild animal.

(c) Except as otherwise provided by the game and fish laws, it is not a violation of this section for a person to use an electronic range finder device from one-half hour before sunrise until one-half hour after sunset while lawfully hunting wild animals.

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(d) It is not a violation of this section for a licensed bear hunter to cast the rays of a handheld artificial light to track or retrieve a wounded or dead bear while possessing a firearm, provided that the person:

(1) has the person's valid bear-hunting license in possession;

(2) is on foot; and

(3) is following the blood trail of a bear that was shot during legal shooting hours.

Sec. 31. Minnesota Statutes 2016, section 97B.1055, is amended to read:

97B.1055 HUNTING BY PERSONS WITH A PERMANENT PHYSICAL OR DEVELOPMENTAL DISABILITY.

Subdivision 1. **Definitions.** For purposes of this section and section 97B.015, subdivision 6, :

(1) "person with developmental disability" means a person who has been diagnosed as having substantial limitations in present functioning, manifested as significantly subaverage intellectual functioning, existing concurrently with demonstrated deficits in adaptive behavior, and who manifests these conditions before the person's 22nd birthday. ;

A (2) "person with a related condition" means a person who meets the diagnostic definition under section 252.27, subdivision 1a. ; and

(3) "person with a permanent physical disability" means a person who has a physical disability that prevents them from being able to navigate natural terrain or hold a firearm for the purpose of a required field component for the firearms safety training program under section 97B.020.

Subd. 2. **Obtaining a license.** (a) Notwithstanding section 97B.020, a person with a permanent physical disability or developmental disability may obtain a firearms hunting license with a provisional firearms safety certificate issued under section 97B.015, subdivision 6.

(b) Any person accompanying or assisting a person with a permanent physical disability or developmental disability under this section must possess a valid firearms safety certificate issued by the commissioner.

Subd. 3. **Assistance required.** A person who obtains a firearms hunting license under subdivision 2 must be accompanied and assisted by a parent, guardian, or other adult person designated by a parent or guardian when hunting. A person who is not hunting but is solely accompanying and assisting a person with a permanent physical disability or developmental disability need not obtain a hunting license.

Subd. 4. **Prohibited activities.** (a) This section does not entitle a person to possess a firearm if the person is otherwise prohibited from possessing a firearm under state or federal law or a court order.

(b) No person shall knowingly authorize or permit a person, who by reason of a permanent physical disability or developmental disability is incapable of safely possessing a firearm, to possess a firearm to hunt in the state or on any boundary water of the state.

Sec. 32. Minnesota Statutes 2016, section 97C.345, subdivision 3a, is amended to read:

Subd. 3a. **Cast nets for gizzard shad.** (a) Cast nets may be used only to take gizzard shad for use as bait for angling:

(1) from July 1 to November 30; and

(2) from the Minnesota River downstream of Granite Falls, Mississippi River downstream of St. Anthony Falls, and the St. Croix River downstream of the dam at Taylors Falls, including portions described as

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Minnesota-Wisconsin boundary waters in Minnesota Rules, part 6266.0500, subpart 1, items A and B, that are listed as infested waters as allowed under section 84D.03, subdivision 3.

(b) Cast nets used under this subdivision must be monofilament and may not exceed ~~seven~~ five feet in ~~diameter~~ radius, and mesh size must be from three-eighths to five-eighths inch bar measure. No more than two cast nets may be used at one time.

~~(c) This subdivision expires December 1, 2017. The commissioner must report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over environment and natural resources by March 1, 2018, on the number of permits issued, conservation impacts from the use of cast nets, and recommendations for any necessary changes in statutes or rules.~~

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

Sec. 33. Minnesota Statutes 2016, section 103B.3369, subdivision 5, is amended to read:

Subd. 5. **Financial assistance.** A base grant, contract, or payment may be awarded to a county or other local unit of government that provides a match utilizing a water implementation tax or other local source. A water implementation tax that a county or other local unit of government intends to use as a match to the base grant must be levied at a rate sufficient to generate a minimum amount determined by the board. The board may award performance-based or watershed-based grants, contracts, or payments to local units of government that are responsible for implementing elements of applicable portions of watershed management plans, comprehensive plans, local water management plans, or comprehensive watershed management plans, developed or amended, adopted and approved, according to chapter 103B, 103C, or 103D. Upon request by a local government unit, the board may also award performance-based grants to local units of government to carry out TMDL implementation plans as provided in chapter 114D, if the TMDL implementation plan has been incorporated into the local water management plan according to the procedures for approving comprehensive plans, watershed management plans, local water management plans, or comprehensive watershed management plans under chapter 103B, 103C, or 103D, or if the TMDL implementation plan has undergone a public review process. Notwithstanding section 16A.41, the board may award ~~performance-based~~ grants, contracts, or payments on an advanced basis. The fee authorized in section 40A.152 may be used as a local match or as a supplement to state funding to accomplish implementation of comprehensive plans, watershed management plans, local water management plans, or comprehensive watershed management plans under this chapter and chapter 103C or 103D.

Sec. 34. Minnesota Statutes 2016, section 103B.3369, subdivision 9, is amended to read:

Subd. 9. ~~**Performance-based**~~ **Criteria.** (a) The board ~~shall~~ must develop and utilize performance-based criteria for local water resources restoration, protection, and management programs and projects. The criteria may include but are not limited to science-based assessments, organizational capacity, priority resource issues, community outreach and support, partnership potential, potential for multiple benefits, and program and project delivery efficiency and effectiveness.

(b) Notwithstanding paragraph (a), the board may develop and utilize eligibility criteria for base amounts of state funding to local governments.

Sec. 35. **[103B.461] RED RIVER BASIN COMMISSION.**

Subdivision 1. **Purposes.** The Red River Basin Commission was created to:

(1) facilitate transboundary and basin-wide dialogue and consultation with citizens, land users, organizations, and governments; and

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(2) coordinate basin-wide interstate and international efforts on water management, including but not limited to flood mitigation, water quality, water supply, drainage, aquatic health, and recreation.

Subd. 2. **Membership.** The Red River Basin Commission must have basin-wide representation of members and alternates to serve on the commission consistent with the adopted bylaws of the commission. Selection and terms of members are as defined in the commission's bylaws.

Subd. 3. **Duties.** The Red River Basin Commission must:

(1) develop and coordinate comprehensive water management goals for the Red River basin by aligning the work plans in the major watersheds in the states of Minnesota, North Dakota, and South Dakota and the Canadian province of Manitoba;

(2) advise on developing and using systems to monitor and evaluate the Red River basin and incorporating the data obtained from these systems into planning and implementation processes;

(3) conduct public meetings at locations in the Red River basin regarding the public's perspective on water resource issues, needs, and priorities in the basin;

(4) conduct an ongoing information and education program on water management in the Red River basin, including an annual conference;

(5) advise on developing projects in the major watersheds that are scientifically sound, have landowner and local government support, and reduce potential flood damages and inputs of pollutants into the Red River;

(6) develop and implement a framework plan for natural resources and provide periodic budget requests and reports to the governors of Minnesota, North Dakota, and South Dakota, to the premier of Manitoba, and to the respective legislatures, provincial members, and congressional representatives of the respective states and province regarding progress on meeting water management goals and funding or policy recommendations;

(7) administer funds for implementing projects and track and report the results achieved for each project; and

(8) assess the collective work in the Red River basin and make recommendations to the states of Minnesota, North Dakota, and South Dakota, to the Canadian province of Manitoba, and to their respective legislatures, provincial members, and congressional representatives on the actions needed to sustain or accelerate components of the framework plan for natural resources in the Red River basin and the major watersheds of the Red River basin.

Sec. 36. Minnesota Statutes 2016, section 103B.801, subdivision 2, is amended to read:

Subd. 2. **Program purposes.** The purposes of the comprehensive watershed management plan program under section 103B.101, subdivision 14, paragraph (a), are to:

(1) align local water planning purposes and procedures under this chapter and chapters 103C and 103D on watershed boundaries to create a systematic, watershed-wide, science-based approach to watershed management;

(2) acknowledge and build off existing local government structure, water plan services, and local capacity;

(3) incorporate and make use of data and information, including watershed restoration and protection strategies under section 114D.26, which may serve to fulfill all or some of the requirements under chapter 114D;

(4) solicit input and engage experts from agencies, citizens, and stakeholder groups;

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(5) focus on implementation of prioritized and targeted actions capable of achieving measurable progress; and

(6) serve as a substitute for a comprehensive plan, local water management plan, or watershed management plan developed or amended, approved, and adopted, according to this chapter or chapter 103C or 103D.

Sec. 37. Minnesota Statutes 2016, section 103B.801, subdivision 5, is amended to read:

Subd. 5. **Timelines; administration.** (a) The board shall develop and adopt, by June 30, 2016, a transition plan for development, approval, adoption, and coordination of plans consistent with section 103A.212. The transition plan must include a goal of completing statewide transition to comprehensive watershed management plans by 2025. The metropolitan area may be considered for inclusion in the transition plan. The board may amend the transition plan no more often than once every two years.

(b) The board may use the authority under section 103B.3369, subdivision 9, to support development or implementation of a comprehensive watershed management plan under this section.

Sec. 38. Minnesota Statutes 2016, section 103F.361, subdivision 2, is amended to read:

Subd. 2. **Legislative intent.** It is the intent of sections 103F.361 to 103F.377 to authorize and direct the board and ~~the counties~~ zoning authorities to implement the plan for the Mississippi headwaters area.

Sec. 39. Minnesota Statutes 2016, section 103F.363, subdivision 1, is amended to read:

Subdivision 1. **Generally.** Sections 103F.361 to 103F.377 apply to the counties of Clearwater, Hubbard, Beltrami, Cass, Itasca, Aitkin, Crow Wing, and Morrison and all other zoning authorities.

Sec. 40. Minnesota Statutes 2016, section 103F.365, is amended by adding a subdivision to read:

Subd. 5. **Zoning authority.** "Zoning authority" means counties, organized townships, local and special governmental units, joint powers boards, councils, commissions, boards, districts, and all state agencies and departments within the corridor defined by the plan, excluding statutory or home rule charter cities.

Sec. 41. Minnesota Statutes 2016, section 103F.371, is amended to read:

103F.371 RESPONSIBILITIES OF OTHER GOVERNMENTAL UNITS.

(a) All local and special governmental units, councils, commissions, boards and districts and all state agencies and departments must exercise their powers so as to further the purposes of sections 103F.361 to 103F.377 and the plan. Land owned by the state, its agencies, and political subdivisions shall be administered in accordance with the plan. The certification procedure under section 103F.373 applies to all zoning authorities in the corridor defined by the plan.

(b) Actions that comply with the land use ordinance are consistent with the plan. Actions that do not comply with the ordinance may not be started until the board has been notified and given an opportunity to review and comment on the consistency of the action with this section.

Sec. 42. Minnesota Statutes 2016, section 103F.373, subdivision 1, is amended to read:

Subdivision 1. **Purpose.** To ~~assure~~ ensure that the plan is not nullified by unjustified exceptions in particular cases and to promote uniformity in the treatment of applications for exceptions, a review and

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certification procedure is established for the following categories of land use actions taken by ~~the counties and~~ zoning authorities directly or indirectly affecting land use within the area covered by the plan:

(1) the adoption or amendment of an ordinance regulating the use of land, including rezoning of particular tracts of land;

(2) the granting of a variance from provisions of the land use ordinance; and

(3) the approval of a plat which is inconsistent with the land use ordinance.

Sec. 43. Minnesota Statutes 2016, section 103F.373, subdivision 3, is amended to read:

Subd. 3. **Procedure for certification.** A copy of the notices of public hearings or, when a hearing is not required, a copy of the application to consider an action of a type specified in subdivision 1, clauses (1) to (3), must be forwarded to the board by the ~~county~~ zoning authority at least 15 days before the hearing or meetings to consider the actions. The ~~county~~ zoning authority shall notify the board of its final decision on the proposed action within ten days of the decision. By 30 days after the board receives the notice, the board shall notify the ~~county~~ zoning authority and the applicant of ~~its~~ the board's approval or disapproval of the proposed action.

Sec. 44. Minnesota Statutes 2016, section 103F.373, subdivision 4, is amended to read:

Subd. 4. **Disapproval of actions.** (a) If a notice of disapproval is issued by the board, the ~~county~~ zoning authority or the applicant may, within 30 days of the notice, file with the board a demand for a hearing. If a demand is not filed within the 30-day period, the disapproval becomes final.

(b) If a demand is filed within the 30-day period, a hearing must be held within 60 days of demand. The hearing must be preceded by two weeks' published notice. Within 30 days after the hearing, the board must:

(1) affirm its disapproval of the proposed action; or

(2) certify approval of the proposed action.

Sec. 45. Minnesota Statutes 2017 Supplement, section 103G.2242, subdivision 1, is amended to read:

Subdivision 1. **Rules.** (a) The board, in consultation with the commissioner, shall adopt rules governing the approval of wetland value replacement plans under this section and public-waters-work permits affecting public waters wetlands under section 103G.245. These rules must address the criteria, procedure, timing, and location of acceptable replacement of wetland values and may address the state establishment and administration of a wetland banking program for public and private projects, including provisions for an in-lieu fee program; the administrative, monitoring, and enforcement procedures to be used; and a procedure for the review and appeal of decisions under this section. In the case of peatlands, the replacement plan rules must consider the impact on carbon. Any in-lieu fee program established by the board must conform with Code of Federal Regulations, title 33, section 332.8, as amended.

(b) After the adoption of the rules, a replacement plan must be approved by a resolution of the governing body of the local government unit, consistent with the provisions of the rules or a comprehensive wetland protection and management plan approved under section 103G.2243.

(c) If the local government unit fails to apply the rules, or fails to implement a local comprehensive wetland protection and management plan established under section 103G.2243, the government unit is subject to penalty as determined by the board.

(d) When making a determination under rules adopted pursuant to this subdivision on whether a rare natural community will be permanently adversely affected, consideration of measures to mitigate any adverse

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effect on the community must be considered. Wetland banking credits shall be an acceptable mitigation measure for any adverse effects on a rare natural community. The Department of Natural Resources may approve a wetland replacement plan that includes restoration or credits from rare natural communities of substantially comparable character and public value as mitigation for any rare natural community adversely affected by a project.

Sec. 46. Minnesota Statutes 2016, section 103G.2242, subdivision 14, is amended to read:

Subd. 14. **Fees established.** (a) Fees must be assessed for managing wetland bank accounts and transactions as follows:

(1) account maintenance annual fee: one percent of the value of credits not to exceed $500;

(2) account establishment, deposit, or transfer: 6.5 percent of the value of credits not to exceed $1,000 per establishment, deposit, or transfer; and

(3) withdrawal fee: 6.5 percent of the value of credits withdrawn.

(b) The board ~~may~~ must establish fees ~~at or~~ based on costs to the agency below the amounts in paragraph (a) for single-user or other dedicated wetland banking accounts.

(c) Fees for single-user or other dedicated wetland banking accounts established pursuant to section 103G.005, subdivision 10i, clause (4), are limited to establishment of a wetland banking account and are assessed at the rate of 6.5 percent of the value of the credits not to exceed $1,000.

(d) The board may assess a fee to pay the costs associated with establishing conservation easements, or other long-term protection mechanisms prescribed in the rules adopted under subdivision 1, on property used for wetland replacement.

Sec. 47. Minnesota Statutes 2016, section 114D.15, is amended by adding a subdivision to read:

Subd. 3a. **Comprehensive local water management plan.** "Comprehensive local water management plan" has the meaning given under section 103B.3363, subdivision 3.

Sec. 48. Minnesota Statutes 2016, section 114D.15, is amended by adding a subdivision to read:

Subd. 3b. **Comprehensive watershed management plan.** "Comprehensive watershed management plan" has the meaning given under section 103B.3363, subdivision 3a.

Sec. 49. Minnesota Statutes 2016, section 114D.15, subdivision 7, is amended to read:

Subd. 7. **Restoration.** "Restoration" means actions~~, including effectiveness monitoring, that are~~ taken to pursue, achieve, and maintain water quality standards for impaired waters ~~in accordance with a TMDL that has been approved by the United States Environmental Protection Agency under federal TMDL requirements~~.

Sec. 50. Minnesota Statutes 2016, section 114D.15, subdivision 11, is amended to read:

Subd. 11. **TMDL implementation plan.** "TMDL implementation plan" means:

(1) a document detailing restoration activities needed to meet the approved TMDL's pollutant load allocations for point and nonpoint sources~~.~~; or

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(2) one of the following that the commissioner of the Pollution Control Agency determines to be, in whole or part, sufficient to meet applicable water quality standards:

(i) a comprehensive watershed management plan;

(ii) a comprehensive local water management plan; or

(iii) an existing statewide or regional strategy published by the Pollution Control Agency.

Sec. 51. Minnesota Statutes 2016, section 114D.15, subdivision 13, is amended to read:

Subd. 13. **Watershed restoration and protection strategy or WRAPS.** "Watershed restoration and protection strategy" or "WRAPS" means a document summarizing scientific studies of a major watershed ~~no larger than~~ at approximately a hydrologic unit code 8 scale including the physical, chemical, and biological assessment of the water quality of the watershed; identification of impairments and water bodies in need of protection; identification of biotic stressors and sources of pollution, both point and nonpoint; TMDL's for the impairments; and ~~an implementation table containing~~ information to support strategies ~~and actions~~ designed to achieve and maintain water quality standards and goals.

Sec. 52. Minnesota Statutes 2016, section 114D.20, subdivision 2, is amended to read:

Subd. 2. **Goals for implementation.** The following goals must guide the implementation of this chapter:

(1) to identify impaired waters in accordance with federal TMDL requirements ~~within ten years after May 23, 2006,~~ and ~~thereafter~~ to ensure continuing evaluation of surface waters for impairments;

(2) to submit TMDL's to the United States Environmental Protection Agency ~~for all impaired waters~~ in a timely manner in accordance with federal TMDL requirements;

(3) to ~~set a reasonable time~~ inform and support strategies for implementing restoration ~~of each identified impaired water~~ and protection activities in a reasonable time period;

(4) to systematically evaluate waters, to provide assistance and incentives to prevent waters from becoming impaired, and to improve the quality of waters that are listed as impaired ~~but do not have an approved TMDL addressing the impairment~~;

(5) to promptly seek the delisting of waters from the impaired waters list when those waters are shown to achieve the designated uses applicable to the waters;

(6) to achieve compliance with federal Clean Water Act requirements in Minnesota;

(7) to support effective measures to prevent the degradation of groundwater according to the groundwater degradation prevention goal under section 103H.001; and

(8) to support effective measures to restore degraded groundwater.

Sec. 53. Minnesota Statutes 2016, section 114D.20, subdivision 3, is amended to read:

Subd. 3. **Implementation policies.** The following policies must guide the implementation of this chapter:

(1) develop regional ~~and~~, multiple pollutant, or watershed TMDL's ~~and TMDL implementation plans, and TMDL's and TMDL implementation plans for multiple pollutants~~ or WRAPSs, where reasonable and feasible;

(2) maximize use of available organizational, technical, and financial resources to perform sampling, monitoring, and other activities to identify degraded groundwater and impaired waters, including use of citizen monitoring and citizen monitoring data used by the Pollution Control Agency in assessing water

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quality that meets the requirements ~~in Appendix D of the Volunteer Surface Water Monitoring Guide, Minnesota~~ established by the commissioner of the Pollution Control Agency ~~(2003)~~;

(3) maximize opportunities for restoration of degraded groundwater and impaired waters, by prioritizing and targeting of available programmatic, financial, and technical resources and by providing additional state resources to complement and leverage available resources;

(4) use existing regulatory authorities to achieve restoration for point and nonpoint sources of pollution where applicable, and promote the development and use of effective nonregulatory measures to address pollution sources for which regulations are not applicable;

(5) use restoration methods that have a demonstrated effectiveness in reducing impairments and provide the greatest long-term positive impact on water quality protection and improvement and related conservation benefits while incorporating innovative approaches on a case-by-case basis;

(6) identify for the legislature any innovative approaches that may strengthen or complement existing programs;

(7) identify and encourage implementation of measures to prevent surface waters from becoming impaired and to improve the quality of waters that are listed as impaired but have no approved TMDL addressing the impairment using the best available data and technology, and establish and report outcome-based performance measures that monitor the progress and effectiveness of protection and restoration measures;

(8) monitor and enforce cost-sharing contracts and impose monetary damages in an amount up to 150 percent of the financial assistance received for failure to comply; and

(9) identify and encourage implementation of measures to prevent groundwater from becoming degraded and measures that restore groundwater resources.

Sec. 54. Minnesota Statutes 2016, section 114D.20, subdivision 5, is amended to read:

Subd. 5. **Priorities for preparing WRAPSs AND TMDL's.** In consultation with the Clean Water Council ~~shall recommend~~, the commissioner of the Pollution Control Agency must coordinate with the commissioners of natural resources, health, and agriculture, the Board of Water and Soil Resources, and, when applicable, the Minnesota Forest Resources Council to establish priorities for scheduling and preparing WRAPSs and TMDL's ~~and TMDL implementation plans, taking into account~~, considering the severity and causes of ~~the impairment~~ impairments, the designated uses of ~~those~~ the waters, ~~and other~~ applicable federal TMDL requirements. ~~In recommending priorities, the council shall also give Consideration to~~, groundwater and high-quality waters and ~~watersheds~~ watershed protection, waters and watersheds with declining water quality trends, waters used as drinking water sources, and waters and watersheds:

(1) with impairments that pose the greatest potential risk to human health;

(2) with impairments that pose the greatest potential risk to threatened or endangered species;

(3) with impairments that pose the greatest potential risk to aquatic health;

(4) where other public agencies and participating organizations and individuals, especially local, ~~basinwide~~ basin-wide, watershed, or regional agencies or organizations, have demonstrated readiness to assist in carrying out the responsibilities, including availability and organization of human, technical, and financial resources necessary to undertake the work; and

(5) where there is demonstrated coordination and cooperation among cities, counties, watershed districts, and soil and water conservation districts in planning and implementation of activities that will assist in carrying out the responsibilities.

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Sec. 55. Minnesota Statutes 2016, section 114D.20, subdivision 7, is amended to read:

Subd. 7. **Priorities for funding prevention actions.** The Clean Water Council shall apply the priorities applicable under subdivision 6, as far as practicable, when recommending priorities for funding actions to prevent groundwater and surface waters from becoming degraded or impaired and to improve the quality of surface waters that are listed as impaired ~~but do not have an approved TMDL~~.

Sec. 56. Minnesota Statutes 2016, section 114D.20, is amended by adding a subdivision to read:

Subd. 8. **Alternatives; TMDL, TMDL implementation plan, or WRAPS.** (a) If the commissioner of the Pollution Control Agency determines that a comprehensive watershed management plan or comprehensive local water management plan contains information that is sufficient and consistent with guidance from the United States Environmental Protection Agency, including the recommended structure for category 4b demonstrations or its replacement under section 303(d) of the federal Clean Water Act, the commissioner may submit the plan to the Environmental Protection Agency according to federal TMDL requirements as an alternative to developing a TMDL.

(b) A TMDL implementation plan or a WRAPS, or portions thereof, are not needed for waters or watersheds when the commissioner of the Pollution Control Agency determines that a comprehensive watershed management plan, a comprehensive local water management plan, or a statewide or regional strategy published by the Pollution Control Agency meets the definition in section 114D.15, subdivision 11 or 13.

(c) The commissioner of the Pollution Control Agency may request that the Board of Water and Soil Resources conduct an evaluation of the implementation efforts under a comprehensive watershed management plan or comprehensive local water management plan when the commissioner makes a determination under paragraph (b). The board must conduct the evaluation in accordance with section 103B.102.

(d) The commissioner of the Pollution Control Agency may amend or revoke a determination made under paragraph (a) or (b) after considering the evaluation conducted under paragraph (c).

Sec. 57. Minnesota Statutes 2016, section 114D.20, is amended by adding a subdivision to read:

Subd. 9. **Coordinating municipal and local water quality activities.** A project, practice, or program for water quality improvement or protection that is conducted by a watershed management organization or a local government unit with a comprehensive watershed management plan or other water management plan approved according to chapter 103B, 103C, or 103D may be considered as contributing to the requirements of a storm water pollution prevention plan (SWPPP) for a municipal separate storm sewer systems (MS4) permit unless the project, practice, or program was previously documented as contributing to a different SWPPP for an MS4 permit.

Sec. 58. Minnesota Statutes 2016, section 114D.26, is amended to read:

114D.26 WATERSHED RESTORATION AND PROTECTION STRATEGIES.

Subdivision 1. **Contents.** (a) The commissioner of the Pollution Control Agency ~~shall~~ must develop watershed restoration and protection strategies~~. To ensure effectiveness and accountability in meeting the goals of this chapter,~~ for:

(1) quantifying impairments and risks to water quality;

(2) describing the causes of impairments and pollution sources;

(3) consolidating TMDLs in a major watershed; and

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(4) informing comprehensive local water management plans and comprehensive watershed management plans.

(b) Each WRAPS ~~shall~~ must:

(1) identify impaired waters and waters in need of protection;

(2) identify biotic stressors causing impairments or threats to water quality;

(3) summarize watershed modeling outputs and resulting pollution load allocations~~,~~ and wasteload allocations~~, and priority areas for targeting actions to improve water quality~~ and identify areas with high pollutant-loading rates;

(4) identify point sources of pollution for which a national pollutant discharge elimination system permit is required under section 115.03;

(5) identify nonpoint sources of pollution for which a national pollutant discharge elimination system permit is not required under section 115.03, with sufficient specificity to ~~prioritize and geographically locate~~ inform watershed restoration and protection ~~actions~~ strategies;

(6) describe the current pollution loading and load reduction needed for each source or source category to meet water quality standards and goals, including wasteload and load allocations from TMDL's;

(7) ~~contain a plan for ongoing~~ identify water quality monitoring needed to fill data gaps, determine changing conditions, ~~and~~ or gauge implementation effectiveness; and

(8) contain ~~an implementation table of~~ strategies ~~and actions~~ that are capable of cumulatively achieving needed pollution load reductions for point and nonpoint sources, including identifying:

(i) water quality parameters of concern;

(ii) current water quality conditions;

(iii) water quality goals, strategies, and targets by parameter of concern; and

(iv) strategies ~~and actions by parameter of concern~~ and an example of the scale of adoptions ~~needed for each~~ with a timeline to meet the water quality restoration or protection goals of this chapter;

~~(v) a timeline for achievement of water quality targets;~~

~~(vi) the governmental units with primary responsibility for implementing each watershed restoration or protection strategy; and~~

~~(vii) a timeline and interim milestones for achievement of watershed restoration or protection implementation actions within ten years of strategy adoption.~~

Subd. 1a. **Coordination.** To ensure effectiveness, efficiency, and accountability in meeting the goals of this chapter, the commissioner of the Pollution Control Agency and the Board of Water and Soil Resources must coordinate the schedule, budget, scope, and use of a WRAPS and related documents and processes in consultation with local government units and, when applicable, the Minnesota Forest Resources Council, in consideration of section 114D.20, subdivision 8.

Subd. 2. **Reporting.** Beginning July 1, 2016, and every other year thereafter, the commissioner of the Pollution Control Agency must report on ~~its~~ the agency's Web site the progress toward implementation milestones and water quality goals ~~for all adopted TMDL's and, where available, WRAPS's~~.

Subd. 3. **Timelines; administration.** ~~Each year,~~ (a) The commissioner of the Pollution Control Agency must complete ~~WRAPS's for at least ten percent of~~ watershed restoration and protection strategies for the state's major watersheds~~. WRAPS shall be~~ by June 30, 2023, unless the commissioner determines that a

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comprehensive watershed management plan or comprehensive local water management plan, in whole or part, meets the definition in section 114D.15, subdivision 11 or 13. As needed, the commissioner must update the strategies, in whole or part, after consultation with the Board of Water and Soil Resources and local government units.

(b) Watershed restoration and protection strategies are governed by the procedures for approval and notice in section 114D.25, subdivisions 2 and 4, except that ~~WRAPS~~ the strategies need not be submitted to the United States Environmental Protection Agency.

Sec. 59. Minnesota Statutes 2016, section 114D.35, subdivision 1, is amended to read:

Subdivision 1. **Public and stakeholder participation.** (a) Public agencies and private entities involved in ~~the implementation of~~ implementing this chapter ~~shall~~ must encourage participation by the public and stakeholders, including local citizens, landowners ~~and~~, land managers, and public and private organizations~~, in identifying impaired waters, in developing TMDL's, in planning, priority setting, and implementing restoration of impaired waters, in identifying degraded groundwater, and in protecting and restoring groundwater resources~~.

(b) In particular, the commissioner of the Pollution Control Agency ~~shall~~ must make reasonable efforts to provide timely information to the public and to stakeholders about impaired waters that have been identified by the agency~~. The agency shall seek broad and early public and stakeholder participation in scoping the activities necessary to develop a TMDL, including the scientific models, methods, and approaches to be used in TMDL development, and to implement restoration pursuant to section 114D.15, subdivision 7.~~ and to inform and consult with the public and stakeholders in developing a WRAPS or TMDL.

(c) Public agencies and private entities involved in implementing restoration and protection identified in a comprehensive watershed management plan or comprehensive local water management plan must make efforts to inform, consult, and involve the public and stakeholders.

(d) The commissioner of the Pollution Control Agency and the Board of Water and Soil Resources must coordinate public and stakeholder participation in consultation with local government units. To the extent practicable, implementation of this chapter must be accomplished in cooperation with local, state, federal, and tribal governments and private sector organizations.

Sec. 60. Minnesota Statutes 2016, section 114D.35, subdivision 3, is amended to read:

Subd. 3. **Education.** The Clean Water Council shall develop strategies for informing, educating, and encouraging the participation of citizens, stakeholders, and others regarding ~~the identification of impaired waters, development of TMDL's, development of TMDL implementation plans, implementation of restoration for impaired waters, identification of degraded groundwater, and protection and restoration of groundwater resources~~ this chapter. Public agencies ~~shall be~~ are responsible for implementing the strategies.

Sec. 61. Minnesota Statutes 2016, section 115.03, subdivision 5, is amended to read:

Subd. 5. **Agency authority; national pollutant discharge elimination system.** (a) Notwithstanding any other provisions prescribed in or pursuant to this chapter and, with respect to the pollution of waters of the state, in chapter 116, or otherwise, the agency shall have the authority to perform any and all acts minimally necessary including, but not limited to, the establishment and application of standards, procedures, rules, orders, variances, stipulation agreements, schedules of compliance, and permit conditions, consistent with and, therefore not less stringent than the provisions of the Federal Water Pollution Control Act, as amended, applicable to the participation by the state of Minnesota in the national pollutant discharge elimination system (NPDES); provided that this provision shall not be construed as a limitation on any powers or duties otherwise residing with the agency pursuant to any provision of law.

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(b) An activity that conveys or connects waters of the state without subjecting the transferred water to intervening industrial, municipal, or commercial use does not require a national pollutant discharge elimination system permit. This exemption does not apply to pollutants introduced by the activity itself to the water being transferred.

Sec. 62. Minnesota Statutes 2016, section 115.03, is amended by adding a subdivision to read:

Subd. 5d. **Sugar beet storage.** The commissioner must not require a beet sugar company that has a current national pollutant discharge elimination permit or state disposal system permit to install engineered liners for remote sugar beet storage site stormwater runoff ponds unless a risk assessment confirms there is significant impact on groundwater and that an engineered liner is necessary to prevent, control, or abate water pollution. For purposes of this subdivision, "sugar beet storage site" means an area where sugar beets are temporarily stored prior to delivery to a sugar beet processing facility that is not located on land adjacent to the processing facility.

Sec. 63. Minnesota Statutes 2016, section 115.035, is amended to read:

115.035 EXTERNAL PEER REVIEW OF WATER QUALITY STANDARDS.

(a) ~~When the commissioner convenes an external peer review panel during the promulgation or amendment of water quality standards, the commissioner must provide notice and take public comment on the charge questions for the external peer review panel and must allow written and oral public comment as part of the external peer review panel process.~~ Every new or revised numeric water quality standard must be supported by a technical support document that provides the scientific basis for the proposed standard and that has undergone external, scientific peer review. Numeric water quality standards in which the agency is adopting, without change, a United States Environmental Protection Agency criterion that has been through peer review are not subject to this paragraph. Documentation of the external peer review panel, including the name or names of the peer reviewer or reviewers, must be included in the statement of need and reasonableness for the water quality standard. ~~If the commissioner does not convene an external peer review panel during the promulgation or amendment of water quality standards, the commissioner must state the reason an external peer review panel will not be convened in the statement of need and reasonableness.~~

(b) Every technical support document developed by the agency must be released in draft form for public comment before peer review and before finalizing the technical support document.

(c) The commissioner must provide public notice and information about the external peer review through the request for comments published at the beginning of the rulemaking process for the numeric water quality standard, and:

(1) the request for comments must identify the draft technical support document and where the document can be found;

(2) the request for comments must include a proposed charge for the external peer review and request comments on the charge;

(3) all comments received during the public comment period must be made available to the external peer reviewers; and

(4) if the agency is not soliciting external peer review because the agency is adopting a United States Environmental Protection Agency criterion without change, that must be noted in the request for comments.

(d) The purpose of the external peer review is to evaluate whether the technical support document and proposed standard are based on sound scientific knowledge, methods, and practices. The external peer review must be conducted according to the guidance in the most recent edition of the United States Environmental Protection Agency's Peer Review Handbook. Peer reviewers must not have participated in developing the

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scientific basis of the standard. Peer reviewers must disclose any activities or circumstances that could pose a conflict of interest or create an appearance of a loss of impartiality that could interfere with an objective review.

(e) The type of review and the number of peer reviewers depends on the nature of the science underlying the standard. When the agency is developing significant new science or science that expands significantly beyond current documented scientific practices or principles, a panel review must be used.

(f) In response to the findings of the external peer review, the draft technical support document must be revised as appropriate. The findings of the external peer review must be documented and attached to the final technical support document, which must be an exhibit as part of the statement of need and reasonableness in the rulemaking to adopt the new or revised numeric water quality standard. The final technical support document must note changes made in response to the external peer review.

~~(b)~~ (g) By December 15 each year, the commissioner shall post on the agency's Web site a report identifying the water quality standards development work in progress or completed in the past year, the lead agency scientist for each development effort, and opportunities for public input.

Sec. 64. **[115.455] EFFLUENT LIMITATIONS; COMPLIANCE.**

To the extent allowable under federal law, for a municipality that constructs a publicly owned treatment works facility or for an industrial national pollutant discharge elimination system and state disposal system permit holder that constructs a treatment works facility to comply with a new or modified effluent limitation, compliance with any new or modified effluent limitation adopted after construction begins that would require additional capital investment is required no sooner than 16 years after the date the facility begins operating.

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

Sec. 65. Minnesota Statutes 2016, section 115A.51, is amended to read:

115A.51 APPLICATION REQUIREMENTS.

(a) Applications for assistance under the program ~~shall~~ must demonstrate:

~~(a)~~ (1) that the project is conceptually and technically feasible;

~~(b)~~ (2) that affected political subdivisions are committed to implement the project, to provide necessary local financing, and to accept and exercise the government powers necessary to the project;

~~(c)~~ (3) that operating revenues from the project, considering the availability and security of sources of solid waste and of markets for recovered resources, together with any proposed federal, state, or local financial assistance, will be sufficient to pay all costs over the projected life of the project;

~~(d)~~ (4) that the applicant has evaluated the feasible and prudent alternatives to disposal, including the use of existing solid waste management facilities with reasonably available capacity sufficient to accomplish the goals of the proposed project and has compared and evaluated the costs of the alternatives, including capital and operating costs, and the effects of the alternatives on the cost to generators~~.~~;

(5) that the applicant has identified: (i) waste management objectives in applicable county and regional solid waste management plans consistent with sections 115A.46, subdivision 2, paragraphs (e) and (f), or 473.149, subdivision 1; and (ii) other solid waste facilities identified in the county and regional plans; and

(6) that the applicant has conducted a comparative analysis of the project against existing public and private solid waste facilities, including an analysis of potential displacement of those facilities to determine whether the project is the most appropriate alternative to achieve the identified waste management objectives that considers:

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(i) conformity with approved county or regional solid waste management plans;

(ii) consistency with the state's solid waste hierarchy and section 115A.46, subdivision 2, paragraphs (e) and (f), or 473.149, subdivision 1; and

(iii) environmental standards related to public health, air, surface water, and groundwater.

(b) The commissioner may require completion of a comprehensive solid waste management plan conforming to the requirements of section 115A.46, before accepting an application. Within five days of filing an application with the agency, the applicant must submit a copy of the application to each solid waste management facility mentioned in the portion of the application addressing the requirements of paragraph (a), clauses (5) and (6).

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

Sec. 66. Minnesota Statutes 2016, section 115A.94, subdivision 2, is amended to read:

Subd. 2. **Local authority.** A city or town may organize collection, after public notification and hearing as required in subdivisions 4a to ~~4d~~ 4f. A county may organize collection as provided in subdivision 5. A city or town that has organized collection as of May 1, 2013, is exempt from subdivisions 4a to ~~4d~~ 4f.

EFFECTIVE DATE. This section is effective January 1, 2019, and applies to organized collection noticed under section 115A.94, subdivision 2, on or after that date.

Sec. 67. Minnesota Statutes 2016, section 115A.94, subdivision 4a, is amended to read:

Subd. 4a. **Committee establishment.** (a) Before implementing an ordinance, franchise, license, contract, or other means of organizing collection, a city or town, by resolution of the governing body, must establish ~~an organized~~ a solid waste collection options committee to identify, examine, and evaluate various methods of ~~organized~~ solid waste collection. The governing body shall appoint the committee members.

(b) The ~~organized~~ solid waste collection options committee is subject to chapter 13D.

EFFECTIVE DATE. This section is effective January 1, 2019, and applies to organized collection noticed under Minnesota Statutes, section 115A.94, subdivision 2, on or after that date.

Sec. 68. Minnesota Statutes 2016, section 115A.94, subdivision 4b, is amended to read:

Subd. 4b. **Committee duties.** The committee established under subdivision 4a shall:

(1) determine which methods of ~~organized~~ solid waste collection to examine, which must include:

(i) the existing system of collection;

~~(i)~~ (ii) a system in which a single collector collects solid waste from all sections of a city or town; and

~~(ii)~~ (iii) a system in which multiple collectors, either singly or as members of an organization of collectors, collect solid waste from different sections of a city or town;

(2) establish a list of criteria on which the ~~organized~~ solid waste collection methods selected for examination will be evaluated, which may include: costs to residential subscribers, impacts on residential subscribers' ability to choose a provider of solid waste service based on the desired level of service, costs and other factors, the impact of miles driven ~~by collection vehicles~~ on city streets and alleys and the incremental impact of miles driven by collection vehicles, initial and operating costs to the city of implementing the ~~organized~~ solid waste collection system, providing incentives for waste reduction, impacts on solid waste collectors, and other physical, economic, fiscal, social, environmental, and aesthetic impacts;

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(3) collect information regarding the operation and efficacy of existing methods of ~~organized~~ solid waste collection in other cities and towns;

(4) seek input from, at a minimum:

(i) the governing body of the city or town;

(ii) the local official of the city or town responsible for solid waste issues;

(iii) persons currently licensed to operate solid waste collection and recycling services in the city or town; and

(iv) residents of the city or town who currently pay for residential solid waste collection services; and

(5) issue a report on the committee's research, findings, and any recommendations to the governing body of the city or town.

EFFECTIVE DATE. This section is effective January 1, 2019, and applies to organized collection noticed under Minnesota Statutes, section 115A.94, subdivision 2, on or after that date.

Sec. 69. Minnesota Statutes 2016, section 115A.94, subdivision 4c, is amended to read:

Subd. 4c. **Governing body; implementation.** The governing body of the city or town shall consider the report and recommendations of the ~~organized~~ solid waste collection options committee. The governing body must provide public notice and hold at least one public hearing before deciding whether to implement organized collection. Organized collection may begin no sooner than six months after the effective date of the decision of the governing body of the city or town to implement organized collection.

EFFECTIVE DATE. This section is effective January 1, 2019, and applies to organized collection noticed under Minnesota Statutes, section 115A.94, subdivision 2, on or after that date.

Sec. 70. Minnesota Statutes 2016, section 115A.94, subdivision 4d, is amended to read:

Subd. 4d. **Participating collectors proposal requirement.** ~~Prior to~~ Before establishing a committee under subdivision 4a to consider organizing residential solid waste collection, a city or town with more than one licensed collector must notify the public and all licensed collectors in the community. The city or town must provide a ~~60-day~~ period of at least 60 days in which meetings and negotiations shall occur exclusively between licensed collectors and the city or town to develop a proposal in which interested licensed collectors, as members of an organization of collectors, collect solid waste from designated sections of the city or town. The proposal shall include identified city or town priorities, including issues related to zone creation, traffic, safety, environmental performance, service provided, and price, and shall reflect existing haulers maintaining their respective market share of business as determined by each hauler's average customer count during the six months prior to the commencement of the ~~60-day~~ exclusive negotiation period. If an existing hauler opts to be excluded from the proposal, the city may allocate their customers proportionally based on market share to the participating collectors who choose to negotiate. The initial organized collection agreement executed under this subdivision must be for ~~a period of three to~~ seven years. Upon execution of an agreement between the participating licensed collectors and city or town, the city or town shall establish organized collection through appropriate local controls and is not required to fulfill the requirements of subdivisions 4a, 4b, and 4c, except that the governing body must provide the public notification and hearing required under subdivision 4c.

EFFECTIVE DATE. This section is effective January 1, 2019, and applies to organized collection noticed under Minnesota Statutes, section 115A.94, subdivision 2, on or after that date.

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Sec. 71. Minnesota Statutes 2016, section 115A.94, is amended by adding a subdivision to read:

Subd. 4e. **Parties to meet and confer.** Before the exclusive meetings and negotiations under subdivision 4d, participating licensed collectors and elected officials of the city or town must meet and confer regarding waste collection issues, including but not limited to road deterioration, public safety, pricing mechanisms, and contractual considerations unique to organized collection.

EFFECTIVE DATE. This section is effective January 1, 2019, and applies to organized collection noticed under Minnesota Statutes, section 115A.94, subdivision 2, on or after that date.

Sec. 72. Minnesota Statutes 2016, section 115A.94, is amended by adding a subdivision to read:

Subd. 4f. **Joint liability limited.** Notwithstanding section 604.02, an organized collection agreement must not obligate a participating licensed collector for damages to third parties solely caused by another participating licensed collector. The organized collection agreement may include joint obligations for actions that are undertaken by all the participating licensed collectors under this section.

EFFECTIVE DATE. This section is effective January 1, 2019, and applies to organized collection noticed under Minnesota Statutes, section 115A.94, subdivision 2, on or after that date.

Sec. 73. Minnesota Statutes 2016, section 115A.94, subdivision 5, is amended to read:

Subd. 5. **County organized collection.** (a) A county may by ordinance require cities and towns within the county to organize collection. Organized collection ordinances of counties may:

(1) require cities and towns to require the separation and separate collection of recyclable materials;

(2) specify the material to be separated; and

(3) require cities and towns to meet any performance standards for source separation that are contained in the county solid waste plan.

(b) A county may itself organize collection under subdivisions 4a to ~~4d~~ 4f in any city or town that does not comply with a county organized collection ordinance adopted under this subdivision, and the county may implement, as part of its organized collection, the source separation program and performance standards required by its organized collection ordinance.

EFFECTIVE DATE. This section is effective January 1, 2019, and applies to organized collection noticed under Minnesota Statutes, section 115A.94, subdivision 2, on or after that date.

Sec. 74. **[115B.172] NATURAL RESOURCES DAMAGES ACCOUNT.**

Subdivision 1. **Establishment.** The natural resources damages account is established as an account in the remediation fund.

Subd. 2. **Revenues.** The account consists of money from the following sources:

(1) revenues from actions taken by the attorney general on behalf of the commissioner of the Pollution Control Agency and commissioner of natural resources under section 115B.17, subdivisions 6 and 7, unless otherwise specified by the attorney general or settlement agreement;

(2) appropriations and transfers to the account as provided by law;

(3) interest earned on the account; and

(4) money received by the commissioner of the Pollution Control Agency or the commissioner of natural resources for deposit in the account in the form of a gift or a grant.

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Subd. 3. **Expenditures.** (a) Money in the account is appropriated to the commissioner of natural resources for the purposes authorized in section 115B.20, subdivision 2, clause (4).

(b) The commissioner of management and budget must allocate the amounts available in any biennium to the commissioner of natural resources for the purposes of this section based upon work plans submitted by the commissioner of natural resources and may adjust those allocations upon submittal of revised work plans. Copies of the work plans must be submitted to the chairs of the house of representatives and senate committees and divisions having jurisdiction over environment and natural resources finance.

Subd. 4. **Report.** By November 1 each year, the commissioner of natural resources must submit a report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources policy and finance on expenditures from the natural resources damages account during the previous fiscal year.

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

Sec. 75. **[115B.52] WATER QUALITY AND SUSTAINABILITY ACCOUNT.**

Subdivision 1. **Definitions.** (a) For purposes of this section and section 115B.53, the following terms have the meanings given.

(b) "East metropolitan area" includes but is not limited to the cities of Woodbury, Oakdale, Lake Elmo, Cottage Grove, St. Paul Park, Afton, and Newport and the townships of West Lakeland and Grey Cloud Island.

(c) "Settlement" means the agreement and order entered on February 20, 2018, settling litigation commenced by the state against the 3M Company under section 115B.17, subdivision 7.

Subd. 2. **Establishment.** The water quality and sustainability account is established as an account in the remediation fund. The account consists of revenue deposited in the account under the terms of the settlement and earnings on the investment of money in the account. Money in the account may be invested through the State Board of Investment.

Subd. 3. **Expenditures.** Money in the account is appropriated to the commissioner of the Pollution Control Agency and to the commissioner of natural resources for the purposes authorized under the settlement.

Subd. 4. **Reporting.** The commissioner of the Pollution Control Agency and the commissioner of natural resources must jointly submit:

(1) by April 1, 2019, an implementation plan detailing how the commissioners will:

(i) determine how the priorities in the settlement will be met and how the spending will move from the first priority to the second priority and the second priority to the third priority outlined in the settlement; and

(ii) evaluate and determine what projects receive funding;

(2) by February 1 and August 1 each year, a biannual report to the chairs and ranking minority members of the legislative policy and finance committees with jurisdiction over environment and natural resources on expenditures from the water quality and sustainability account during the previous six months; and

(3) by August 1, 2019, and each year thereafter, a report to the legislature on expenditures from the water quality and sustainability account during the previous fiscal year and a spending plan for anticipated expenditures from the account during the current fiscal year.

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Subd. 5. **Local approval.** The commissioner of the Pollution Control Agency or commissioner of natural resources must receive approval from the local unit of government before assuming control or otherwise operating an existing municipal water supply operation in the east metropolitan area.

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

Sec. 76. **[115B.53] WATER QUALITY AND SUSTAINABILITY STAKEHOLDERS.**

The commissioner of the Pollution Control Agency and the commissioner of natural resources must work with stakeholders to identify and recommend projects to receive funding from the water quality and sustainability account under the settlement. Stakeholders include, at a minimum, representatives of the agency, the Department of Natural Resources, east metropolitan area municipalities, and the 3M Company. The commissioners must establish a process to solicit and evaluate the recommendations from municipalities in the east metropolitan area as defined in section 115B.52.

Sec. 77. Minnesota Statutes 2017 Supplement, section 116.0714, is amended to read:

116.0714 NEW OPEN-AIR SWINE BASINS.

(a) The commissioner of the Pollution Control Agency or a county board shall not approve any permits for the construction of new open-air swine basins, except that existing facilities may use one basin of less than 1,000,000 gallons as part of a permitted waste treatment program for resolving pollution problems or to allow conversion of an existing basin of less than 1,000,000 gallons to a different animal type, provided all standards are met. This section expires June 30, 2022.

(b) This section does not apply to basins used solely for wastewater from truck-washing facilities.

Sec. 78. Minnesota Statutes 2016, section 116.155, subdivision 1, is amended to read:

Subdivision 1. **Creation.** The remediation fund is created as a special revenue fund in the state treasury to provide a reliable source of public money for response and corrective actions to address releases of hazardous substances, pollutants or contaminants, agricultural chemicals, and petroleum, and for environmental response actions at qualified landfill facilities for which the agency has assumed such responsibility, including perpetual care of such facilities. The specific purposes for which the general portion of the fund may be spent are provided in subdivision 2. In addition to the general portion of the fund, the fund contains ~~two~~ four accounts described in subdivisions 4 ~~and 5~~ to 5b.

Sec. 79. Minnesota Statutes 2016, section 116.155, is amended by adding a subdivision to read:

Subd. 5a. **Water quality and sustainability account.** The water quality and sustainability account is as described in section 115B.52.

Sec. 80. Minnesota Statutes 2016, section 116.155, is amended by adding a subdivision to read:

Subd. 5b. **Natural resources damages account.** The natural resources damages account is as described in section 115B.172.

Sec. 81. Minnesota Statutes 2016, section 116.993, subdivision 2, is amended to read:

Subd. 2. **Eligible borrower.** To be eligible for a loan under this section, a borrower must:

(1) be a small business corporation, sole proprietorship, partnership, or association;

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(2) be a potential emitter of pollutants to the air, ground, or water;

(3) need capital for equipment purchases that will meet or exceed environmental regulations or need capital for site investigation and cleanup;

(4) have ~~less~~ fewer than ~~50~~ 100 full-time equivalent employees; and

(5) have an ~~after tax~~ after-tax profit of less than $500,000~~; and~~.

~~(6) have a net worth of less than $1,000,000.~~

Sec. 82. Minnesota Statutes 2016, section 116.993, subdivision 6, is amended to read:

Subd. 6. **Loan conditions.** A loan made under this section must include:

(1) an interest rate that is ~~four percent or~~ at or below one-half the prime rate, ~~whichever is greater~~ not to exceed five percent;

(2) a term of payment of not more than seven years; and

(3) an amount not less than $1,000 or exceeding ~~$50,000~~ $75,000.

Sec. 83. Minnesota Statutes 2016, section 180.03, subdivision 2, is amended to read:

Subd. 2. **Fences.** Every person, firm, or corporation that is or has been engaged in the business of mining or removing iron ore, taconite, semitaconite or other minerals except sand, crushed rock, and gravel shall erect and maintain, as a minimum, a three strand wire fence along the outside perimeter of the excavation, open pit, or shaft of any mine in which mining operations have ceased for a period of six consecutive months or longer. Based upon local site conditions that may exist at shafts, caves, or open pits, the county mine inspector may require more secure fencing such as barbed wire or mesh fence, or may require barriers, appropriate signs, or any combination of the above, to reduce the possibility of accidental falls. The county mine inspector may grant exemptions under subdivision 4. Where mining operations have ceased and not resumed, the fence, barrier, signs, or combination of them required by this section shall be erected within two years from the date when the county mine inspector directs the erection of fences, barriers, signs, or combination of them.

Sec. 84. Minnesota Statutes 2016, section 180.03, subdivision 3, is amended to read:

Subd. 3. **Abandoned mines.** Except as described in subdivision 4, when a mine is idle or abandoned it is the duty of the inspector of mines to notify the person, firm, or corporation that is or has been engaged in the business of mining to erect and maintain around all the shafts, caves, and open pits of such mines a fence, barrier, appropriate signs, or combination of them, suitable to warn of the presence of shafts, caves, or open pits and reduce the possibility of accidentally falling into these shafts, caves, or open pits. If the mine has been idled or abandoned, or if the person, firm, or corporation that has been engaged in the business of mining no longer exists, the fee owner shall erect and maintain the fence, barrier, or signs required by this section. If the fee owner fails to act, the county in which the mining operation is located may, in addition to any other remedies available, abate the nuisance by erecting or maintaining the fence, barrier, or signs and assessing the costs and related expenses pursuant to section 429.101.

Sec. 85. Minnesota Statutes 2016, section 180.03, subdivision 4, is amended to read:

Subd. 4. **Exemptions.** (a) The portion of an excavation, cave, open or water-filled pit, or shaft is exempt from the requirements of this section if:

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(1) it is located on property owned, leased, or administered by the Office of the Commissioner of Iron Range Resources and Rehabilitation;

(2) it is for the construction, operation, maintenance, or administration of:

(i) grants-in-aid trails as defined in section 85.018;

(ii) property owned or leased by a municipality, as defined in section 466.01, subdivision 1, that is intended or permitted to be used as a park, an open area for recreational purposes, or for the provision of recreational services, including the creation of trails or paths without artificial surfaces; or

(iii) recreational use, as defined in section 604A.21, subdivisions 5 and 6, provided the use is administered by a municipality, as defined in section 466.01, subdivision 1;

(3) it is for economic development purposes under chapter 469; or

(4) upon written application by the property owner, the county mine inspector ~~may exempt from the requirements of subdivision 2, any abandoned excavation, open pit, or shaft which~~ determines that it is provided with fencing, barriers, appropriate signs, or combinations of them, in a manner that is reasonably similar to the standards in subdivision 2, or ~~which~~ if, in the inspector's judgment, it does not constitute a safety hazard.

(b) Where an exemption applies, there shall be, at a minimum, appropriate signs posted by the recipient of the exemption consistent with section 97B.001, subdivision 4:

(1) at each location of public access to the mining area restricting access to designated areas and warning of possible dangers due to the presence of excavations, shafts, caves, or open or water-filled pits;

(2) prohibiting public access beyond the boundaries of the designated public access area; and

(3) identifying those areas where the property on which public access is allowed abuts private property.

(c) Where an exemption applies, to reduce the possibility of inadvertent access beyond the boundaries of the designated public access area, any new fencing erected by the recipient of the exemption in accordance with subdivision 2 or 3 shall be maintained by the recipient of the exemption.

(d) Notwithstanding section 180.10, limited openings in preexisting fencing may be created and maintained by the recipient of the exemption or its agent to provide public access to the designated public access area.

(e) The county mine inspector has the authority to enter, examine, and inspect any and all property exempted under this section at all reasonable times by day or by night, and, in addition to enforcing the provisions of this chapter, may make recommendations regarding the erection of fences, barriers, signs, or a combination of them.

Sec. 86. Minnesota Statutes 2016, section 180.10, is amended to read:

180.10 REMOVAL OF FENCE; GUARD.

A worker, employee, or other person who opens, removes, or disturbs any fence, guard, barrier, sign, or rail required by section 180.03 and fails to close or replace or have the same closed or replaced again around or in front of any mine shaft, pit, chute, excavation, cave, or land liable to cave, injure, or destroy, whether by accident, injury, or damage results, either to the mine or those at work therein, or to any other person, shall be guilty of a misdemeanor. A worker, employee, or other person who, in regard to any fence, guard, barrier, sign, or rail, does any of the acts prohibited by section 609.52, commits theft of the fence, guard, barrier, sign, or rail may be sentenced as provided in section 609.52.

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Sec. 87. Minnesota Statutes 2016, section 216G.01, subdivision 3, is amended to read:

Subd. 3. **Pipeline.** "Pipeline" means a pipeline owned or operated by a condemning authority, as defined in section 117.025, subdivision 4, located in this state which is used to transport natural or synthetic gas at a pressure of more than 90 pounds per square inch, or to transport crude petroleum or petroleum fuels or oil or their derivatives, coal, anhydrous ammonia or any mineral slurry to a distribution center or storage facility which is located within or outside of this state. "Pipeline" does not include a pipeline owned or operated by a natural gas public utility as defined in section 216B.02, subdivision 4.

Sec. 88. **[383A.606] DISCONTINUANCE OF RAMSEY SOIL AND WATER CONSERVATION DISTRICT; TRANSFER OF DUTIES.**

Subdivision 1. **Discontinuance.** Notwithstanding section 103C.225, the Ramsey Soil and Water Conservation District is discontinued effective July 1, 2018, and its duties and authorities are transferred to the Ramsey County Board of Commissioners.

Subd. 2. **Transfer of duties and authorities.** The Ramsey County Board of Commissioners has the duties and authorities of a soil and water conservation district. All contracts in effect on the date of the discontinuance of the district to which Ramsey Soil and Water Conservation District is a party remain in force and effect for the period provided in the contracts. The Ramsey County Board of Commissioners shall be substituted for the Ramsey Soil and Water Conservation District as party to the contracts and succeed to the district's rights and duties.

Subd. 3. **Transfer of assets.** The Ramsey Soil and Water Conservation District Board of Supervisors shall transfer the assets of the district to the Ramsey County Board of Commissioners. The Ramsey County Board of Commissioners shall use the transferred assets for the purposes of implementing the transferred duties and authorities.

Subd. 4. **Reestablishment.** The Ramsey County Board of Commissioners may petition the Minnesota Board of Water and Soil Resources to reestablish the Ramsey Soil and Water Conservation District. Alternatively, the Minnesota Board of Water and Soil Resources under its authority in section 103C.201, and after giving notice of corrective actions and time to implement the corrective actions, may reestablish the Ramsey Soil and Water Conservation District if it determines the goals established in section 103C.005 are not being achieved. The Minnesota Board of Water and Soil Resources may reestablish the Ramsey Soil and Water Conservation District under this subdivision without a referendum.

EFFECTIVE DATE. This section is effective the day after the governing body of Ramsey County and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 89. Laws 2016, chapter 189, article 3, section 48, is amended to read:

Sec. 48. **LAKE SERVICE PROVIDER FEASIBILITY REPORT.**

The commissioner of natural resources shall report to the chairs of the house of representatives and senate committees with jurisdiction over natural resources by January 15, ~~2019~~ 2020, regarding the feasibility of expanding permitting to service providers as described in Minnesota Statutes, section 84D.108, subdivision 2a, to other water bodies in the state. The report must:

(1) include recommendations for state and local resources needed to implement the program;

(2) assess local government inspection roles under Minnesota Statutes, section 84D.105, subdivision 2, paragraph (g); and

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(3) assess whether mechanisms to ensure that water-related equipment placed back into the same body of water from which it was removed can adequately protect other water bodies.

Sec. 90. Laws 2017, chapter 93, article 2, section 155, subdivision 5, is amended to read:

Subd. 5. **Sunset.** This section expires ~~two~~ three years from the day following final enactment.

Sec. 91. Laws 2017, chapter 93, article 2, section 163, is amended to read:

Sec. 163. **ACTION TO OBTAIN ACCESS PROHIBITED; CLEARWATER COUNTY.**

Before July 1, ~~2018~~ 2019, the commissioner of natural resources must not initiate a civil action to obtain access to Island Lake FMHA Wildlife Management Area in Clearwater County.

Sec. 92. **RECREATIONAL TRAILS; ENVIRONMENTAL REVIEW; RULEMAKING.**

(a) The Environmental Quality Board must amend Minnesota Rules, chapter 4410, to be consistent with this section, including amending Minnesota Rules, part 4410.4300, subpart 37, as follows:

(1) item A must be amended to read: "Constructing a trail at least 25 miles long on forested or other naturally vegetated land for a recreational use unless exempted by part 4410.4600, subpart 14, item D.";

(2) item B must be amended to read: "Designating at least 25 miles of an existing trail for a new motorized recreational use other than snowmobiling. When designating an existing motorized trail or existing corridor in current legal use by motor vehicles, for a new motorized recreational use, this designation must not contribute to the 25-mile threshold. When adding a new recreational use or seasonal recreational use to an existing motorized recreational trail if the treadway width is not expanded as a result of the added use, this addition must not contribute to the 25-mile threshold."; and

(3) when applying items A and B, the rule must be amended to read: "In applying items A and B, if a proposed trail will contain segments of newly constructed trail and segments that will follow an existing trail but be designated for a new motorized use, an EAW must be prepared if the sum of the total is at least 25-mile long."

(b) The board may use the good cause exemption rulemaking procedure under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to adopt rules under this section, and Minnesota Statutes, section 14.386, does not apply except as provided under Minnesota Statutes, section 14.388.

Sec. 93. **WETLAND REPLACEMENT; FRAMEWORKS FOR IN-LIEU FEE PROGRAM.**

The Board of Water and Soil Resources, in cooperation with the United States Army Corps of Engineers, may complete the planning frameworks and other program application requirements necessary for federal approval of an in-lieu fee program, as authorized under Minnesota Statutes, section 103G.2242, in the Red River basin and the greater than 80 percent area. The planning frameworks must contain a prioritization strategy for selecting and implementing mitigation activities based on a watershed approach that includes consideration of historic resource loss within watersheds and the extent to which mitigation can address priority watershed needs. The board must consider the recommendations of the report "Siting of Wetland Mitigation in Northeast Minnesota," dated March 7, 2014, and implementation of Minnesota Statutes, section 103B.3355, paragraphs (e) and (f), in developing proposed planning frameworks for applicable watersheds. When completing the work and pursuing approval of an in-lieu fee program, the board must do so consistent with the applicable requirements, stakeholder and agency review processes, and approval time frames in Code of Federal Regulations, title 33, section 332. The board must submit any completed planning frameworks

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to the chairs and ranking minority members of the house of representatives and the senate committees and divisions with jurisdiction over environment and natural resources upon receiving federal approval.

Sec. 94. **TESTING FOR PRIVATE WELLS; EAST METROPOLITAN AREA.**

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

(b) "East metropolitan area" means:

(1) the cities of Afton, Cottage Grove, Lake Elmo, Maplewood, Newport, Oakdale, St. Paul Park, and Woodbury;

(2) the townships of Denmark, Grey Cloud Island, and West Lakeland; and

(3) other areas added by the commissioner that have a potential for significant groundwater pollution from PFCs.

(c) "PFCs" means perfluorinated and polyfluorinated chemicals.

Subd. 2. **Testing for private wells.** To provide results of PFC groundwater monitoring to the public, the commissioner of the Pollution Control Agency must develop a Web page that may include, but is not limited to, the following:

(1) the process for private and public well PFC sampling in the east metropolitan area;

(2) an interactive map system that allows the public to view locations of the Department of Health well advisories and areas projected to be sampled for PFCs; and

(3) how to contact the Pollution Control Agency or Department of Health staff to answer questions on sampling of private wells.

Subd. 3. **Test reporting.** (a) By January 15 each year, the commissioner of the Pollution Control Agency must report to each community in the east metropolitan area a summary of the results of the testing for private wells in the community. The report must include information on the number of wells tested and trends of PFC contamination in private wells in the community. Reports to communities under this section must also be published on the Pollution Control Agency's Web site.

(b) By January 15 each year, the commissioner of the Pollution Control Agency must report to the legislature, as provided in Minnesota Statutes, section 3.195, on the testing for private wells conducted in the east metropolitan area, including copies of the community reports required in paragraph (a), the number of requests for well testing in each community, and the total amount spent for testing private wells in each community.

Sec. 95. **TEMPORARY ENFORCEMENT OF GROUNDWATER APPROPRIATION PERMIT REQUIREMENTS.**

(a) Until July 1, 2019, the commissioner of natural resources must not expend funds to suspend or revoke a water appropriation permit, issue an order requiring a violation to be corrected, assess monetary penalties, or otherwise take enforcement action against a water appropriation permit holder if the suspension, revocation, order, penalty, or other enforcement action is based solely on a violation of a permit requirement added to a groundwater appropriation permit within the north and east metro groundwater management area as a result of a court order issued in 2017.

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(b) The commissioner of natural resources may continue to use all the authorities granted to the commissioner under Minnesota Statutes, section 103G.287, to manage groundwater resources within the north and east groundwater management area.

Sec. 96. **GROUNDWATER MANAGEMENT AREA PERMIT REQUIREMENTS.**

(a) Notwithstanding water appropriation permit requirements added by the commissioner of natural resources as a result of a court order issued in 2017, a public water supplier located in the seven-county metropolitan area within a designated groundwater management area:

(1) is not required to revise a water supply plan to include contingency plans to fully or partially convert its water supplies to surface water;

(2) may prepare, enact, and enforce commercial or residential irrigation bans or alternative measures that achieve similar water use reductions when notified by the commissioner of natural resources that lake levels have fallen below court-ordered levels; and

(3) is not required to use per capita residential water use as a measure for purposes of water use reduction goals, plans, and implementation and may submit water use plans and reports that use a measure other than per capita residential water use.

(b) This section expires July 1, 2019.

Sec. 97. **RULEMAKING; DISPOSAL FACILITY CERTIFICATES.**

(a) The commissioner of the Pollution Control Agency must amend Minnesota Rules, part 7048.1000, subpart 4, item D, to require six contact hours of required training to renew a type IV disposal facility certificate, by April 30, 2019, or nine months after enactment of this section, whichever is earlier.

(b) The commissioner may use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to adopt rules under this section, and Minnesota Statutes, section 14.386, does not apply, except as provided under Minnesota Statutes, section 14.388.

Sec. 98. **APPLICATION OF STORM WATER RULES TO TOWNSHIPS.**

Until the Pollution Control Agency amends rules for storm water, Minnesota Rules, part 7090.1010, subpart 1, item B, subitem (1), only applies to the portions of the city or township that are designated as urbanized under Code of Federal Regulations, title 40, section 122.26 (a)(9)(i)(A), and other platted areas within that jurisdiction.

Sec. 99. **FOREST INVENTORY RECOMMENDATIONS.**

The Minnesota Forest Resources Council shall work in cooperation with the Interagency Information Cooperative and the University of Minnesota Department of Forest Resources to make recommendations for improving stand-level forest inventories. Recommendations shall include the frequency and scope of forest inventory and design and technological improvements and efficiencies that may be utilized in forest inventory data collection and analysis. The recommendations shall address forest inventories of state- and county-administered forest lands and other interested land managers. Recommendations shall be reported to the house of representatives Environment and Natural Resources Policy and Finance Committee, the senate Environment and Natural Resources Finance Committee, and the senate Environment and Natural Resources Policy and Legacy Finance Committee by February 1, 2019.

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Sec. 100. **LAKE WINONA MANAGEMENT; USING OFFSET, ADAPTIVE PLANNING.**

(a) To facilitate implementation of the Lake Winona total maximum daily load, the Alexandria Lake Area Sanitary District may fund or perform lake management activities in Lake Winona and in Lake Agnes. Lake management activities may include but are not limited to carp removal and alum treatment. If the district agrees to fund or perform lake management activities in Lake Winona and in Lake Agnes, the commissioner of the Pollution Control Agency shall do one of the following unless the district chooses another path to compliance that conforms to state and federal law, such as facility construction:

(1) approve an offset of the phosphorous loading proportional to the reduction achievable through lake management activities in Lake Winona and Lake Agnes creditable to the Alexandria Lake Area Sanitary District's wastewater treatment facility and issue or amend the district's NPDES permit MN004738 to include the offset. The approved offset may be related to the lake eutrophication response variable chlorophyll-a, but shall ensure the district can achieve compliance with phosphorus effluent limits through wastewater optimization techniques without performing capital upgrades to the wastewater treatment facility. The lake management activities contemplated under paragraph (a) need not be completed before the commissioner approves the offset and related discharge limits or issues the permit, but the permit may include a schedule of compliance outlining the required lake management activities and requiring that lake management activities in Lake Winona and Lake Agnes begin immediately upon permit issuance. The approved offset and related permit language must be consistent with Clean Water Act requirements and Minnesota Statutes, section 115.03, subdivision 10; or

(2) amend the district's NPDES permit MN004738 in a manner consistent with state and federal law to include an integrated and adaptive lake management plan and to extend the final compliance deadline for the final phosphorus concentration effluent limit related to the site specific standard for Lake Winona contained in the district's permit until such time that carp removal in Lake Winona can be completed and the lake can be reassessed. The permit may include a schedule of compliance outlining the required lake management activities and requiring that lake management activities in Lake Winona and Lake Agnes begin immediately upon permit issuance.

(b) If the district agrees to fund or perform the lake management activities identified in paragraph (a), the district may cooperate with the city of Alexandria in those efforts. The district's responsibility for lake management activities in Lake Winona and Lake Agnes terminates upon completion of the lake management activities identified in the schedule of compliance contemplated under paragraph (a).

EFFECTIVE DATE. This section is effective the day after the governing body of the Alexandria Lake Area Sanitary District and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 101. **MORATORIUM ON MUSKELLUNGE STOCKING IN OTTER TAIL COUNTY.**

(a) Until August 1, 2023, the commissioner of natural resources must not stock muskellunge in waters wholly located in Otter Tail County. Any savings realized as a result must be used for walleye stocking. This paragraph does not apply to lakes located wholly within the boundaries of a state park.

(b) The commissioner of natural resources must convene a stakeholder group to examine the effect of muskellunge on the environment, waters, and native fish of Otter Tail County. The stakeholder group must include an Otter Tail County commissioner, a representative of the Minnesota Chamber of Commerce, and a representative of an Otter Tail County lake association. The stakeholder group must examine existing scientific research and must determine whether additional research is necessary. If the stakeholder group determines that muskellunge do not pose a threat to the environment, waters, or native fish of Otter Tail County, the stakeholder group may recommend that the legislature repeal or adjust the moratorium imposed under paragraph (a).

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EFFECTIVE DATE. This section is effective the day after the Otter Tail County Board of Commissioners and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, but not before July 1, 2018.

Sec. 102. **NATURAL RESOURCES YOUTH SAFETY EDUCATION PROGRAMS DELIVERY.**

The commissioner of natural resources shall review and research options for delivering online safety training programs for youth and adult students, including off-highway vehicles and hunter education, that are maintained and delivered by the state that functions independently from an outside contract vendor. By March 1, 2019, the commissioner shall report to the chairs of the senate and house of representatives environment and natural resources policy and finance committees on options identified under this section.

Sec. 103. **NONPOINT PRIORITY FUNDING PLAN WORKGROUP.**

The Board of Water and Soil Resources must convene a workgroup consisting of representatives of state agencies, local governments, tribal governments, private and nonprofit organizations, and others to review the nonpoint priority funding plan under Minnesota Statutes, section 114D.50, subdivision 3a. By January 31, 2019, the board must submit a report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over environment and natural resources that contains recommendations to improve the effectiveness of nonpoint priority funding plans to meet the requirements in Minnesota Statutes, section 114D.50, subdivision 3a, the purposes in Minnesota Statutes, section 114D.50, subdivision 3, and the watershed and groundwater restoration and protection goals of Minnesota Statutes, chapters 103B and 114D.

Sec. 104. **CHRONIC WASTING DISEASE TASK FORCE.**

Subdivision 1. **Creation; membership.** (a) The Chronic Wasting Disease Task Force consists of 22 members appointed as follows:

(1) the chairs and ranking minority members of the senate committees with jurisdiction over environment and natural resources policy and finance;

(2) the chair and ranking minority member of the house of representatives Environment and Natural Resources Policy and Finance Committee and two additional members of that committee selected by the chair of that committee, one from the majority party, and one from the minority party;

(3) the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over agriculture policy and finance;

(4) a representative from the Department of Natural Resources, the Department of Agriculture, and the Board of Animal Health; and

(5) a representative from the Minnesota Elk Breeders Association, Minnesota Deer Farmers Association, and the Minnesota Deer Hunters Association.

(b) The appointing authorities must make their respective appointments no later than July 15, 2018.

Subd. 2. **Chair; meetings.** (a) The chair of the task force alternates each meeting between the chair of the senate Environment and Natural Resources Policy Committee and the chair of the house of representatives Environment and Natural Resources Policy and Finance Committee. The senate chair shall chair the first meeting, which shall be no later than August 15, 2018.

(b) The task force shall meet upon the call of the chair.

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Subd. 3. **Administrative support.** The Legislative Coordinating Commission shall provide administrative support and meeting space for the task force.

Subd. 4. **Duties.** The task force must study and provide recommendations on:

(1) whether and how recommendations included in the legislative auditor's Board of Animal Health's Oversight of Deer and Elk Farms report should be implemented;

(2) methods to improve the coordination and effectiveness of the chronic wasting disease prevention and response activities of government agencies and other stakeholders; and

(3) whether it is possible to develop a method for detecting the presence of the disease in living cervids and what resources would be required to do so.

Subd. 5. **Report.** No later than January 15, 2019, the task force shall submit a report to the chairs of the house of representatives and senate committees with jurisdiction over environment and natural resources finance containing the findings of the task force.

Subd. 6. **Expiration.** The task force expires 45 days after the report and recommendations are delivered to the legislature or on June 30, 2019, whichever date is earlier.

Sec. 105. **BOARD OF ANIMAL HEALTH TASK FORCE.**

Subdivision 1. **Creation; membership.** (a) The Board of Animal Health Task Force consists of 25 members appointed as follows:

(1) the chairs and ranking minority members of the senate committees with jurisdiction over environment and natural resources policy and finance;

(2) the chair and ranking minority member of the house of representatives Environment and Natural Resources Policy and Finance Committee and two additional members of that committee selected by the chair of that committee, one from the majority party, and one from the minority party;

(3) the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over agriculture policy and finance;

(4) the commissioner of agriculture, or the commissioner's designee; and

(5) a representative from the Minnesota Elk Breeders Association, the Minnesota Deer Farmers Association, the Minnesota Deer Hunters Association, the Minnesota Pork Producers Association, the Minnesota Cattlemen's Association, the Minnesota Farmer's Union, the Minnesota Farm Bureau, and the Minnesota Turkey Growers Association.

(b) The appointing authorities must make their respective appointments no later than July 15, 2018.

Subd. 2. **Chair; meetings.** (a) The chair of the task force alternates each meeting between the chair of the senate Environment and Natural Resources Policy Committee and the chair of the house of representatives Environment and Natural Resources Policy and Finance Committee. The senate chair shall chair the first meeting, which shall be no later than August 15, 2018.

(b) The task force shall meet upon the call of the chair.

Subd. 3. **Administrative support.** The Legislative Coordinating Commission shall provide administrative support and meeting space for the task force.

Subd. 4. **Duties.** The task force must study and provide recommendations related to:

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(1) the overall effectiveness of the board's execution of its statutory duties, including its duties to protect the health of Minnesota's domestic animals, manage domestic animal diseases, and enforce domestic animal-related laws;

(2) whether the structure, membership, and duties of the board are optimally designed to further the purposes for which the board was created and to serve the communities it is designed to serve; and

(3) whether and how recommendations included in the legislative auditor's Board of Animal Health's Oversight of Deer and Elk Farms report should be implemented.

Subd. 5. **Duty to cooperate.** Upon request, the Board of Animal Health shall provide the task force with any information requested by the task force in connection with the exercise of its duties. The Board of Animal Health may redact nonpublic information from the information prior to providing information under this subdivision.

Subd. 6. **Report.** No later than January 15, 2019, the task force shall submit a report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over environment and natural resources finance containing the findings of the task force.

Subd. 7. **Expiration.** The task force expires 45 days after the report and recommendations are delivered to the legislature or on June 30, 2019, whichever date is earlier.

Sec. 106. **1837 CEDED TERRITORY FISHERIES TECHNICAL COMMITTEE.**

The commissioner of natural resources may request that the 1837 Ceded Territory Fisheries Technical Committee invite at least two fish managers as designated by the commissioner to attend all meetings of the committee.

Sec. 107. **CARBON MONOXIDE EXPOSURE; FISH HOUSES AND ICE SHELTERS; REPORT.**

The commissioner of natural resources must work with fish house and ice shelter manufacturers and other interested parties to identify best practices to reduce fish house and ice shelter user exposure to carbon monoxide. The commissioner must increase outreach efforts relating to the dangers of carbon monoxide exposure in fish houses and report recommendations to the chairs of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources policy by January 15, 2019.

Sec. 108. **HAYES LAKE STATE PARK RECOMMENDATIONS; REPORT.**

The commissioner of natural resources, in cooperation with the Friends of Hayes Lake State Park, Roseau County, and other interested parties must develop recommendations for expanding access to and recreational opportunities within Hayes Lake State Park. The commissioner must submit the report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over the environment and natural resources by February 1, 2019.

Sec. 109. **SNOWMOBILE TRAILS AND ENFORCEMENT ACCOUNT.**

The commissioner of natural resources must work with the Minnesota United Snowmobilers Association to develop a consensus agreement on the use of the money in the snowmobile trails and enforcement account under Minnesota Statutes, section 84.83. The commissioner of natural resources must submit a copy of a memorandum of understanding outlining the agreement between the commissioner and the association to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over the environment and natural resources by January 15, 2019.

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Sec. 110. **HILL-ANNEX MINE STATE PARK; MANAGEMENT AND OPERATION.**

(a) The commissioner of natural resources must operate the Hill-Annex Mine State Park for the purposes it was established through June 30, 2021. The commissioner must work with the group established under Laws 2017, chapter 93, article 2, section 156, to review park activities and the alternate operating model developed and identify options for sustainable and viable operation of the park site. The commissioner must submit recommendations to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over the environment and natural resources by January 15, 2021.

(b) The commissioner of natural resources must work with the city of Calumet, other neighboring cities and townships, and other local units of government to identify and coordinate volunteers to supplement the Department of Natural Resources' park operations to the extent allowable under state law and rules.

Sec. 111. **REPEALER.**

(a) Minnesota Statutes 2017 Supplement, section 169A.07, is repealed.

(b) Minnesota Statutes 2016, section 169A.33, subdivision 1, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective August 1, 2018, and applies to crimes committed on or after that date. Paragraph (b) is effective August 1, 2018, and applies to offenses committed on or after that date.

ARTICLE 21

ACCELERATED BUFFER STRIP IMPLEMENTATION

Section 1. Minnesota Statutes 2016, section 17.117, subdivision 1, is amended to read:

Subdivision 1. **Purpose.** The purpose of the agriculture best management practices loan program is to provide low or no interest financing to farmers, agriculture supply businesses, rural landowners, chapter 103E drainage authorities, and water-quality cooperatives for the implementation of agriculture and other best management practices that reduce environmental pollution.

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

Sec. 2. Minnesota Statutes 2016, section 17.117, subdivision 4, is amended to read:

Subd. 4. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Agricultural and environmental revolving accounts" means accounts in the agricultural fund, controlled by the commissioner, which hold funds available to the program.

(c) "Agriculture supply business" means a person, partnership, joint venture, corporation, limited liability company, association, firm, public service company, or cooperative that provides materials, equipment, or services to farmers or agriculture-related enterprises.

(d) "Allocation" means the funds awarded to an applicant for implementation of best management practices through a competitive or noncompetitive application process.

(e) "Applicant" means a local unit of government eligible to participate in this program that requests an allocation of funds as provided in subdivision 6b.

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(f) "Best management practices" has the meaning given in sections 103F.711, subdivision 3, and 103H.151, subdivision 2. Best management practices also means other practices, techniques, and measures that have been demonstrated to the satisfaction of the commissioner: (1) to prevent or reduce adverse environmental impacts by using the most effective and practicable means of achieving environmental goals; or (2) to achieve drinking water quality standards under chapter 103H or under Code of Federal Regulations, title 40, parts 141 and 143, as amended.

(g) "Borrower" means a farmer, an agriculture supply business, ~~or~~ a rural landowner, or a chapter 103E drainage authority applying for a low-interest loan.

(h) "Commissioner" means the commissioner of agriculture, including when the commissioner is acting in the capacity of chair of the Rural Finance Authority, or the designee of the commissioner.

(i) "Committed project" means an eligible project scheduled to be implemented at a future date:

(1) that has been approved and certified by the local government unit; and

(2) for which a local lender has obligated itself to offer a loan.

(j) "Comprehensive water management plan" means a state-approved and locally adopted plan authorized under section 103B.231, 103B.255, 103B.311, 103C.331, 103D.401, or 103D.405.

(k) "Cost incurred" means expenses for implementation of a project accrued because the borrower has agreed to purchase equipment or is obligated to pay for services or materials already provided as a result of implementing an approved eligible project.

(l) "Farmer" means a person, partnership, joint venture, corporation, limited liability company, association, firm, public service company, or cooperative that regularly participates in physical labor or operations management of farming and files a Schedule F as part of filing United States Internal Revenue Service Form 1040 or indicates farming as the primary business activity under Schedule C, K, or S, or any other applicable report to the United States Internal Revenue Service.

(m) "Lender agreement" means an agreement entered into between the commissioner and a local lender which contains terms and conditions of participation in the program.

(n) "Local government unit" means a county, soil and water conservation district, or an organization formed for the joint exercise of powers under section 471.59 with the authority to participate in the program.

(o) "Local lender" means a local government unit as defined in paragraph (n), a state or federally chartered bank, a savings association, a state or federal credit union, Agribank and its affiliated organizations, or a nonprofit economic development organization or other financial lending institution approved by the commissioner.

(p) "Local revolving loan account" means the account held by a local government unit and a local lender into which principal repayments from borrowers are deposited and new loans are issued in accordance with the requirements of the program and lender agreements.

(q) "Nonpoint source" has the meaning given in section 103F.711, subdivision 6.

(r) "Program" means the agriculture best management practices loan program in this section.

(s) "Project" means one or more components or activities located within Minnesota that are required by the local government unit to be implemented for satisfactory completion of an eligible best management practice.

(t) "Rural landowner" means the owner of record of Minnesota real estate located in an area determined by the local government unit to be rural after consideration of local land use patterns, zoning regulations, jurisdictional boundaries, local community definitions, historical uses, and other pertinent local factors.

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(u) "Water-quality cooperative" has the meaning given in section 115.58, paragraph (d), except as expressly limited in this section.

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

Sec. 3. Minnesota Statutes 2016, section 17.117, subdivision 11, is amended to read:

Subd. 11. **Loans issued to borrower.** (a) Local lenders may issue loans only for projects that are approved and certified by the local government unit as meeting priority needs identified in a comprehensive water management plan or other local planning documents, are in compliance with accepted practices, standards, specifications, or criteria, and are eligible for financing under Environmental Protection Agency or other applicable guidelines.

(b) The local lender may use any additional criteria considered necessary to determine the eligibility of borrowers for loans.

(c) Local lenders shall set the terms and conditions of loans to borrowers, except that:

(1) no loan to a borrower may exceed $200,000;

(2) no loan for a project may exceed $200,000; and

(3) no borrower shall, at any time, have multiple loans from this program with a total outstanding loan balance of more than $200,000.

Notwithstanding the limits in clauses (1) to (3), a chapter 103E drainage authority may request a loan to finance projects implemented on behalf of multiple landowners and the loan must not exceed an amount equal to the number of landowners represented in the drainage system multiplied by the limit in clause (1).

(d) The maximum term length for projects in this paragraph is ten years.

(e) Fees charged at the time of closing must:

(1) be in compliance with normal and customary practices of the local lender;

(2) be in accordance with published fee schedules issued by the local lender;

(3) not be based on participation program; and

(4) be consistent with fees charged other similar types of loans offered by the local lender.

(f) The interest rate assessed to an outstanding loan balance by the local lender must not exceed three percent per year.

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

Sec. 4. Minnesota Statutes 2016, section 103E.021, subdivision 6, is amended to read:

Subd. 6. **Incremental ~~implementation~~ establishment of vegetated ditch buffer strips and side inlet controls.** (a) Notwithstanding other provisions of this chapter requiring appointment of viewers and redetermination of benefits and damages, a drainage authority may ~~implement~~ make findings and order the establishment of permanent buffer strips of perennial vegetation ~~approved by the drainage authority~~ or side inlet controls, or both, adjacent to a public drainage ditch, where necessary to control erosion and sedimentation, improve water quality, or maintain the efficiency of the drainage system. The drainage authority's finding that the establishment of permanent buffer strips of perennial vegetation or side inlet controls is necessary to control erosion and sedimentation, improve water quality, or maintain the efficiency of the drainage system is sufficient to confer jurisdiction under this subdivision. Preference should be given

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to planting native species of a local ecotype. The approved perennial vegetation shall not impede future maintenance of the ditch. The permanent strips of perennial vegetation shall be 16-1/2 feet in width measured outward from the top edge of the existing constructed channel. Drainage system rights-of-way for the acreage and additional property required for the permanent strips must be acquired by the authority having jurisdiction.

(b) A project under this subdivision shall be implemented as a repair according to section 103E.705, except that the drainage authority may appoint an engineer to examine the drainage system and prepare an engineer's repair report for the project.

(c) Damages shall be determined by the drainage authority, or viewers, appointed by the drainage authority, according to section 103E.315, subdivision 8. A damages statement shall be prepared, including an explanation of how the damages were determined for each property affected by the project, and filed with the auditor or watershed district. Within 30 days after the damages statement is filed, the auditor or watershed district shall prepare property owners' reports according to section 103E.323, subdivision 1, clauses (1), (2), (6), (7), and (8), and mail a copy of the property owner's report and damages statement to each owner of property affected by the proposed project.

(d) After a damages statement is filed, the drainage authority shall set a time, by order, not more than 30 days after the date of the order, for a hearing on the project. At least ten days before the hearing, the auditor or watershed district shall give notice by mail of the time and location of the hearing to the owners of property and political subdivisions likely to be affected by the project.

(e) The drainage authority shall make findings and order the repairs to be made if the drainage authority determines from the evidence presented at the hearing and by the viewers and engineer, if appointed, that the repairs are necessary for the drainage system and the costs of the repairs are within the limitations of section 103E.705.

Sec. 5. Minnesota Statutes 2016, section 103E.071, is amended to read:

103E.071 COUNTY ATTORNEY.

The county attorney shall represent the county in all drainage proceedings and related matters without special compensation, except as provided in section 388.09, subdivision 1. A county attorney, the county attorney's assistant, or any attorney associated with the county attorney in business, may not otherwise appear in any drainage proceeding for any interested person.

Sec. 6. Minnesota Statutes 2016, section 103E.351, subdivision 1, is amended to read:

Subdivision 1. **Conditions to redetermine benefits and damages; appointment of viewers.** If the drainage authority determines that the ~~original~~ benefits or damages of record determined in a drainage proceeding do not reflect reasonable present day land values or that the benefited or damaged areas have changed, or if more than 50 percent of the owners of property, or more than 50 percent of the owners of property benefited or damaged by a drainage system petition for correction of an error that was made at the time of the proceedings that established the drainage system or a redetermination of benefits and damages, the drainage authority may appoint three viewers to redetermine and report the benefits and damages and the benefited and damaged areas.

Sec. 7. **PUBLIC DRAINAGE DITCH BUFFER STRIP; PLANTING AND MAINTENANCE.**

With the consent of the property owner where the drainage ditch buffer will be located, a drainage authority, as defined in Minnesota Statutes, section 103E.005, subdivision 9, may plant and maintain 16-1/2-foot ditch buffer strips that meet the width and vegetation requirements of Minnesota Statutes, section 103E.021, before acquiring and compensating for the buffer strip land rights according to Minnesota Statutes,

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chapter 103E. Planting and maintenance costs may be paid in accordance with Minnesota Statutes, chapter 103E. This section expires June 30, 2019.

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

ARTICLE 22

HIGHER EDUCATION

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to the appropriations in Laws 2017, chapter 89, article 1, unless otherwise specified, to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2018" and "2019" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively. "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. "The biennium" is fiscal years 2018 and 2019.

	APPROPRIATIONS Available for the Year Ending June 30	
	2018	**2019**
Sec. 2. **MINNESOTA OFFICE OF HIGHER EDUCATION**		
Subdivision 1. **Total Appropriation**	**$ -0-**	**$ 500,000**
The amounts that may be spent for each purpose are specified in the following subdivisions.		
Subd. 2. **State Grants**	-0-	300,000
This is a onetime appropriation.		
Subd. 3. **Agricultural Educators Loan Forgiveness**	-0-	100,000
For transfer to the agricultural education loan forgiveness account in the special revenue fund under Minnesota Statutes, section 136A.1794, subdivision 2. This is a onetime appropriation.		
Subd. 4. **Student Loan Debt Counseling**	-0-	50,000
For a student loan debt counseling grant under Minnesota Statutes, section 136A.1705. This is a onetime appropriation.		
Subd. 5. **Teacher Preparation Program Design Grant**	-0-	50,000
For a teacher preparation program design grant under section 43. This is a onetime appropriation.		

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Sec. 3. **BOARD OF TRUSTEES OF THE MINNESOTA STATE COLLEGES AND UNIVERSITIES**

Subdivision 1. **Total Appropriation**	**$**	**-0-**	**$**	**3,500,000**
The amounts that may be spent for each purpose are specified in the following subdivisions.				
Subd. 2. **Operations and Maintenance**		-0-		3,500,000
(a) $500,000 is for renewal of workforce development scholarships first awarded in academic year 2018-2019 under Minnesota Statutes, section 136F.38. This is a onetime appropriation and is available until June 30, 2020.				
(b) $3,000,000 is for campus support to be allocated to campuses according to the fiscal year 2019 framework. This is a onetime appropriation.				

Sec. 4. Minnesota Statutes 2016, section 127A.70, subdivision 2, is amended to read:

Subd. 2. **Powers and duties; report.** (a) The partnership shall develop recommendations to the governor and the legislature designed to maximize the achievement of all P-20 students while promoting the efficient use of state resources, thereby helping the state realize the maximum value for its investment. These recommendations may include, but are not limited to, strategies, policies, or other actions focused on:

(1) improving the quality of and access to education at all points from preschool through graduate education;

(2) improving preparation for, and transitions to, postsecondary education and work;

(3) ensuring educator quality by creating rigorous standards for teacher recruitment, teacher preparation, induction and mentoring of beginning teachers, and continuous professional development for career teachers; and

(4) realigning the governance and administrative structures of early education, kindergarten through grade 12, and postsecondary systems in Minnesota.

(b) Under the direction of the P-20 Education Partnership Statewide Longitudinal Education Data System Governance Committee, the Office of Higher Education and the Departments of Education and Employment and Economic Development shall improve and expand the Statewide Longitudinal Education Data System (SLEDS) to provide policymakers, education and workforce leaders, researchers, and members of the public with data, research, and reports to:

(1) expand reporting on students' educational outcomes for diverse student populations including at-risk students, children with disabilities, English learners, and gifted students, among others, and include formative and summative evaluations based on multiple measures of child well-being, early childhood development, and student progress toward career and college readiness;

(2) evaluate the effectiveness of (i) investments in young children and families, and (ii) educational and workforce programs; and

(3) evaluate the relationship between (i) investments in young children and families, and (ii) education and workforce outcomes, consistent with section 124D.49.

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To the extent possible under federal and state law, research and reports should be accessible to the public on the Internet, and disaggregated by demographic characteristics, organization or organization characteristics, and geography.

It is the intent of the legislature that the Statewide Longitudinal Education Data System inform public policy and decision-making. The SLEDS governance committee, with assistance from staff of the Office of Higher Education, the Department of Education, and the Department of Employment and Economic Development, shall respond to legislative committee and agency requests on topics utilizing data made available through the Statewide Longitudinal Education Data System as resources permit. Any analysis of or report on the data must contain only summary data.

(c) By January 15 of each year, the partnership shall submit a report to the governor and to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over P-20 education policy and finance that summarizes the partnership's progress in meeting its goals and identifies the need for any draft legislation when necessary to further the goals of the partnership to maximize student achievement while promoting efficient use of resources.

Sec. 5. Minnesota Statutes 2016, section 135A.15, subdivision 2, is amended to read:

Subd. 2. **Victims' rights.** The policy required under subdivision 1 shall, at a minimum, require that students and employees be informed of the policy, and shall include provisions for:

(1) filing criminal charges with local law enforcement officials in sexual assault cases;

(2) the prompt assistance of campus authorities, at the request of the victim, in notifying the appropriate law enforcement officials and disciplinary authorities of a sexual assault incident;

(3) allowing sexual assault victims to decide whether to report a case to law enforcement;

(4) requiring campus authorities to treat sexual assault victims with dignity;

(5) requiring campus authorities to offer sexual assault victims fair and respectful health care, counseling services, or referrals to such services;

(6) preventing campus authorities from suggesting to a victim of sexual assault that the victim is at fault for the crimes or violations that occurred;

(7) preventing campus authorities from suggesting to a victim of sexual assault that the victim should have acted in a different manner to avoid such a crime;

(8) subject to subdivision 10, protecting the privacy of sexual assault victims by only disclosing data collected under this section to the victim, persons whose work assignments reasonably require access, and, at a sexual assault victim's request, police conducting a criminal investigation;

(9) an investigation and resolution of a sexual assault complaint by campus disciplinary authorities;

(10) a sexual assault victim's participation in and the presence of the victim's attorney or other support person who is not a fact witness to the sexual assault at any meeting with campus officials concerning the victim's sexual assault complaint or campus disciplinary proceeding concerning a sexual assault complaint;

(11) ensuring that a sexual assault victim may decide when to repeat a description of the incident of sexual assault;

(12) notice to a sexual assault victim of the availability of a campus or local program providing sexual assault advocacy services and information on legal resources;

(13) notice to a sexual assault victim of the outcome of any campus disciplinary proceeding concerning a sexual assault complaint, consistent with laws relating to data practices;

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(14) the complete and prompt assistance of campus authorities, at the direction of law enforcement authorities, in obtaining, securing, and maintaining evidence in connection with a sexual assault incident;

(15) the assistance of campus authorities in preserving for a sexual assault complainant or victim materials relevant to a campus disciplinary proceeding;

(16) during and after the process of investigating a complaint and conducting a campus disciplinary procedure, the assistance of campus personnel, in cooperation with the appropriate law enforcement authorities, at a sexual assault victim's request, in shielding the victim from unwanted contact with the alleged assailant, including transfer of the victim to alternative classes or to alternative college-owned housing, if alternative classes or housing are available and feasible;

(17) forbidding retaliation, and establishing a process for investigating complaints of retaliation, against sexual assault victims by campus authorities, the accused, organizations affiliated with the accused, other students, and other employees;

(18) at the request of the victim, providing students who reported sexual assaults to the institution and subsequently choose to transfer to another postsecondary institution with information about resources for victims of sexual assault at the institution to which the victim is transferring; and

(19) consistent with laws governing access to student records, providing a student who reported an incident of sexual assault with access to the student's description of the incident as it was reported to the institution, including if that student transfers to another postsecondary institution.

Sec. 6. Minnesota Statutes 2016, section 135A.15, subdivision 6, is amended to read:

Subd. 6. **Data collection and reporting.** (a) Postsecondary institutions must annually report statistics on sexual assault. This report must be prepared in addition to any federally required reporting on campus security, including reports required by the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act, United States Code, title 20, section 1092(f). The report must include, but not be limited to, the number of incidents of sexual assault reported to the institution in the previous calendar year, as follows:

(1) the number that were investigated by the institution;

(2) the number that were referred for a disciplinary proceeding at the institution;

(3) the number the victim chose to report to local or state law enforcement;

(4) the number for which a campus disciplinary proceeding is pending, but has not reached a final resolution;

(5) the number in which the alleged perpetrator was found responsible by the disciplinary proceeding at the institution;

(6) the number that resulted in any action by the institution greater than a warning issued to the accused;

(7) the number that resulted in a disciplinary proceeding at the institution that closed without resolution;

(8) the number that resulted in a disciplinary proceeding at the institution that closed without resolution because the accused withdrew from the institution;

(9) the number that resulted in a disciplinary proceeding at the institution that closed without resolution because the victim chose not to participate in the procedure; and

(10) the number of reports made through the online reporting system established in subdivision 5, excluding reports submitted anonymously.

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(b) If an institution previously submitted a report indicating that one or more disciplinary proceedings was pending, but had not reached a final resolution, and one or more of those disciplinary proceedings reached a final resolution within the previous calendar year, that institution must submit updated totals from the previous year that reflect the outcome of the pending case or cases.

(c) The reports required by this subdivision must be submitted to the Office of Higher Education by October 1 of each year. Each report must contain the data required under paragraphs (a) and (b) from the previous calendar year.

(d) The commissioner of the Office of Higher Education shall calculate statewide numbers for each data item reported by an institution under this subdivision. The statewide numbers must include data from postsecondary institutions that the commissioner could not publish due to federal laws governing access to student records.

(e) The Office of Higher Education shall publish on its Web site:

(1) the statewide data calculated under paragraph (d); and

(2) the data items required under paragraphs (a) and (b) for each postsecondary institution in the state.

Each postsecondary institution shall publish on the institution's Web site the data items required under paragraphs (a) and (b) for that institution.

(f) Reports and data required under this subdivision must be prepared and published as summary data, as defined in section 13.02, subdivision 19, and must be consistent with applicable law governing access to educational data. If an institution or the Office of Higher Education does not publish data because of applicable law, the publication must explain why data are not included.

(g) By October 1 of each year, the Board of Regents of the University of Minnesota must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education policy and finance. In addition to the data on sexual assault incidents described in paragraph (a), the report must include equivalent data on incidents of sexual harassment, as defined in the board's policy on sexual harassment. The report is subject to the requirements of paragraph (f).

Sec. 7. Minnesota Statutes 2017 Supplement, section 136A.1275, subdivision 2, is amended to read:

Subd. 2. **Eligibility.** To be eligible for a grant under this section, a teacher candidate must:

(1) be enrolled in a Professional Educator Licensing and Standards Board-approved teacher preparation program that requires at least 12 weeks of student teaching in order to be recommended for a full professional teaching license;

(2) demonstrate financial need based on criteria established by the commissioner under subdivision 3;

(3) ~~intend to teach in a shortage area or belong to an underrepresented racial or ethnic group~~ be meeting satisfactory academic progress as defined under section 136A.101, subdivision 10; and

(4) ~~be meeting satisfactory academic progress as defined under section 136A.101, subdivision 10.~~ intend to teach in a shortage area or belong to an underrepresented racial or ethnic group. Intent can be documented based on the teacher license field the student is pursuing or a statement of intent to teach in an economic development region defined as a shortage area in the year the student receives a grant.

Sec. 8. Minnesota Statutes 2017 Supplement, section 136A.1275, subdivision 3, is amended to read:

Subd. 3. **Administration; repayment.** (a) The commissioner must establish an application process and other guidelines for implementing this program~~, including repayment responsibilities for stipend recipients~~

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~~who do not complete student teaching or who leave Minnesota to teach in another state during the first year after student teaching~~.

(b) The commissioner must determine each academic year the stipend amount up to $7,500 based on the amount of available funding, the number of eligible applicants, and the financial need of the applicants.

(c) The percentage of the total award funds available at the beginning of the fiscal year reserved for teacher candidates who identify as belonging to ~~an underrepresented~~ a racial or ethnic group underrepresented in the Minnesota teacher workforce must be equal to or greater than the total percentage of students of ~~underrepresented~~ racial or ethnic groups underrepresented in the Minnesota teacher workforce as measured under section 120B.35, subdivision 3. If this percentage cannot be met because of a lack of qualifying candidates, the remaining amount may be awarded to teacher candidates who intend to teach in a shortage area.

Sec. 9. Minnesota Statutes 2016, section 136A.15, subdivision 8, is amended to read:

Subd. 8. **Eligible student.** "Eligible student" means a student who is officially registered or accepted for enrollment at an eligible institution in Minnesota or a Minnesota resident who is officially registered as a student or accepted for enrollment at an eligible institution in another state ~~or province~~. Non-Minnesota residents are eligible students if they are enrolled or accepted for enrollment in a minimum of one course of at least 30 days in length during the academic year that requires physical attendance at an eligible institution located in Minnesota. Non-Minnesota resident students enrolled exclusively during the academic year in correspondence courses or courses offered over the Internet are not eligible students. Non-Minnesota resident students not physically attending classes in Minnesota due to enrollment in a study abroad program for 12 months or less are eligible students. Non-Minnesota residents enrolled in study abroad programs exceeding 12 months are not eligible students. An eligible student, for section 136A.1701, means a student who gives informed consent authorizing the disclosure of data specified in section 136A.162, paragraph (c), to a consumer credit reporting agency.

Sec. 10. Minnesota Statutes 2016, section 136A.16, subdivision 1, is amended to read:

Subdivision 1. **Designation.** Notwithstanding chapter 16C, the office is designated as the administrative agency for carrying out the purposes and terms of sections 136A.15 to ~~136A.1702~~ 136A.1704. The office may establish one or more loan programs.

Sec. 11. Minnesota Statutes 2016, section 136A.16, subdivision 2, is amended to read:

Subd. 2. **Rules, policies, and conditions.** The office shall adopt policies and may prescribe appropriate rules and conditions to carry out the purposes of sections 136A.15 to 136A.1702. ~~The policies and rules except as they relate to loans under section 136A.1701 must be compatible with the provisions of the National Vocational Student Loan Insurance Act of 1965 and the provisions of title IV of the Higher Education Act of 1965, and any amendments thereof.~~

Sec. 12. Minnesota Statutes 2016, section 136A.16, subdivision 5, is amended to read:

Subd. 5. **Agencies.** The office may contract with loan servicers, collection agencies, credit bureaus, or any other person, to carry out the purposes of sections 136A.15 to ~~136A.1702~~ 136A.1704.

Sec. 13. Minnesota Statutes 2016, section 136A.16, subdivision 8, is amended to read:

Subd. 8. **Investment.** Money made available to the office that is not immediately needed for the purposes of sections 136A.15 to ~~136A.1702~~ 136A.1704 may be invested by the office. The money must be invested

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in bonds, certificates of indebtedness, and other fixed income securities, except preferred stocks, which are legal investments for the permanent school fund. The money may also be invested in prime quality commercial paper that is eligible for investment in the state employees retirement fund. All interest and profits from such investments inure to the benefit of the office or may be pledged for security of bonds issued by the office or its predecessors.

Sec. 14. Minnesota Statutes 2016, section 136A.16, subdivision 9, is amended to read:

Subd. 9. **Staff.** The office may employ the professional and clerical staff the commissioner deems necessary for the proper administration of the loan programs established and defined by sections 136A.15 to ~~136A.1702~~ 136A.1704.

Sec. 15. Minnesota Statutes 2016, section 136A.162, is amended to read:

136A.162 CLASSIFICATION OF DATA.

(a) Except as provided in paragraphs (b) and (c), data on applicants for financial assistance collected and used by the office for student financial aid programs administered by that office are private data on individuals as defined in section 13.02, subdivision 12.

(b) Data on applicants may be disclosed to the commissioner of human services to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5).

(c) The following data collected in the Minnesota supplemental loan program under ~~section~~ sections 136A.1701 and 136A.1704 may be disclosed to a consumer credit reporting agency only if the borrower and the cosigner give informed consent, according to section 13.05, subdivision 4, at the time of application for a loan:

(1) the lender-assigned borrower identification number;

(2) the name and address of borrower;

(3) the name and address of cosigner;

(4) the date the account is opened;

(5) the outstanding account balance;

(6) the dollar amount past due;

(7) the number of payments past due;

(8) the number of late payments in previous 12 months;

(9) the type of account;

(10) the responsibility for the account; and

(11) the status or remarks code.

Sec. 16. Minnesota Statutes 2016, section 136A.1701, subdivision 7, is amended to read:

Subd. 7. **Repayment of loans.** ~~(a)~~ The office shall establish repayment procedures for loans made under this section~~, but in no event shall the period of permitted repayment for SELF II or SELF III loans exceed ten years from the eligible student's termination of the student's postsecondary academic or vocational program, or 15 years from the date of the student's first loan under this section, whichever is less.~~ in accordance with the policies, rules, and conditions authorized under section 136A.16, subdivision 2. The office will

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take into consideration the loan limits and current financial market conditions when establishing repayment terms.

~~(b) For SELF IV loans, eligible students with aggregate principal loan balances from all SELF phases that are less than $18,750 shall have a repayment period not exceeding ten years from the eligible student's graduation or termination date. For SELF IV loans, eligible students with aggregate principal loan balances from all SELF phases of $18,750 or greater shall have a repayment period not exceeding 15 years from the eligible student's graduation or termination date. For SELF IV loans, the loans shall enter repayment no later than seven years after the first disbursement date on the loan.~~

~~(c) For SELF loans from phases after SELF IV, eligible students with aggregate principal loan balances from all SELF phases that are:~~

~~(1) less than $20,000, must have a repayment period not exceeding ten years from the eligible student's graduation or termination date;~~

~~(2) $20,000 up to $40,000, must have a repayment period not exceeding 15 years from the eligible student's graduation or termination date; and~~

~~(3) $40,000 or greater, must have a repayment period not exceeding 20 years from the eligible student's graduation or termination date. For SELF loans from phases after SELF IV, the loans must enter repayment no later than nine years after the first disbursement date of the loan.~~

Sec. 17. Minnesota Statutes 2016, section 136A.1702, is amended to read:

136A.1702 LEGISLATIVE OVERSIGHT.

(a) The office shall notify the chairs of the legislative committees with primary jurisdiction over higher education finance of any proposed material change to any of its student loan programs, including loan refinancing under section 136A.1704, prior to making the change.

(b) By December 1 of each year, the commissioner shall submit a report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over the Office of Higher Education regarding the balance of the following accounts in the special revenue fund:

(1) the aviation degree loan forgiveness program account established by section 136A.1789, subdivision 2;

(2) the teacher shortage loan forgiveness repayment account established by section 136A.1791, subdivision 8;

(3) the agricultural education loan forgiveness account established by section 136A.1794, subdivision 2; and

(4) the large animal veterinarian loan forgiveness program account established by section 136A.1795, subdivision 2.

Sec. 18. **[136A.1705] STUDENT LOAN DEBT COUNSELING.**

Subdivision 1. **Grant.** (a) A program is established under the Office of Higher Education to provide a grant to a Minnesota-based nonprofit qualified debt counseling organization to provide individual student loan debt repayment counseling to borrowers who are Minnesota residents concerning loans obtained to attend a postsecondary institution. The number of individuals receiving counseling may be limited to those capable of being served with available appropriations for that purpose. A goal of the counseling program is to provide two counseling sessions to at least 75 percent of borrowers receiving counseling.

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(b) The purpose of the counseling is to assist borrowers to:

(1) understand their loan and repayment options;

(2) manage loan repayment; and

(3) develop a workable budget based on the borrower's full financial situation regarding income, expenses, and other debt.

Subd. 2. **Qualified debt counseling organization.** A qualified debt counseling organization is an organization that:

(1) has experience in providing individualized student loan counseling;

(2) employs certified financial loan counselors; and

(3) is based in Minnesota and has offices at multiple rural and metropolitan area locations in the state to provide in-person counseling.

Subd. 3. **Grant application and award.** (a) Applications for a grant shall be on a form created by the commissioner and on a schedule set by the commissioner. Among other provisions, the application must include a description of:

(1) the characteristics of borrowers to be served;

(2) the services to be provided and a timeline for implementation of the services;

(3) how the services provided will help borrowers manage loan repayment;

(4) specific program outcome goals and performance measures for each goal; and

(5) how the services will be evaluated to determine whether the program goals were met.

(b) The commissioner shall select one grant recipient for a two-year award every two years. A grant may be renewed biennially.

Subd. 4. **Program evaluation.** (a) The grant recipient must submit a report to the commissioner by January 15 of the second year of the grant award. The report must evaluate and measure the extent to which program outcome goals have been met.

(b) The grant recipient must collect, analyze, and report on participation and outcome data that enable the office to verify the outcomes.

(c) The evaluation must include information on the number of borrowers served with on-time student loan payments, the numbers who brought their loans into good standing, the number of student loan defaults, the number who developed a monthly budget plan, and other information required by the commissioner. Recipients of the counseling must be surveyed on their opinions about the usefulness of the counseling and the survey results must be included in the report.

Subd. 5. **Report to legislature.** By February 1 of the second year of each grant award, the commissioner must submit a report to the committees in the legislature with jurisdiction over higher education finance regarding grant program outcomes.

Sec. 19. Minnesota Statutes 2017 Supplement, section 136A.1789, subdivision 2, is amended to read:

Subd. 2. **Creation of account.** (a) An aviation degree loan forgiveness program account is established in the special revenue fund to provide qualified pilots and qualified aircraft technicians with financial assistance in repaying qualified education loans. The commissioner must use money from the account to establish and administer the aviation degree loan forgiveness program.

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(b) ~~Appropriations made to~~ Money in the aviation degree loan forgiveness program account ~~do~~ is appropriated to the commissioner for purposes of this section, does not cancel, and is ~~not cancel and are~~ available until expended.

Sec. 20. Minnesota Statutes 2016, section 136A.1791, subdivision 8, is amended to read:

Subd. 8. **~~Fund~~ Account established.** A teacher shortage loan forgiveness repayment ~~fund~~ account is created in the special revenue fund for depositing money appropriated to or received by the commissioner for the program. Money deposited in the ~~fund shall not~~ account is appropriated to the commissioner, does not cancel, ~~revert to any state fund at the end of any fiscal year but remains in the loan forgiveness repayment fund~~ and is continuously available for loan forgiveness under this section.

Sec. 21. Minnesota Statutes 2016, section 136A.1795, subdivision 2, is amended to read:

Subd. 2. **Establishment; administration.** (a) The commissioner shall establish and administer a loan forgiveness program for large animal veterinarians who:

(1) agree to practice in designated rural areas that are considered underserved; and

(2) work full time in a practice that is at least 50 percent involved with the care of food animals.

(b) A large animal veterinarian loan forgiveness program account is established in the special revenue fund. Money in the account is appropriated to the commissioner to establish and administer the program under this section. Appropriations to the commissioner for the program are for transfer to the account. Appropriations ~~made to the program~~ from the account do not cancel and are available until expended.

Sec. 22. Minnesota Statutes 2016, section 136A.64, subdivision 1, is amended to read:

Subdivision 1. **Schools to provide information.** As a basis for registration, schools shall provide the office with such information as the office needs to determine the nature and activities of the school, including but not limited to the following which shall be accompanied by an affidavit attesting to its accuracy and truthfulness:

(1) articles of incorporation, constitution, bylaws, or other operating documents;

(2) a duly adopted statement of the school's mission and goals;

(3) evidence of current school or program licenses granted by departments or agencies of any state;

(4) a fiscal balance sheet on an accrual basis, or a certified audit of the immediate past fiscal year including any management letters provided by the independent auditor or, if the school is a public institution outside Minnesota, an income statement for the immediate past fiscal year;

(5) all current promotional and recruitment materials and advertisements; and

(6) the current school catalog and, if not contained in the catalog:

(i) the members of the board of trustees or directors, if any;

(ii) the current institutional officers;

(iii) current full-time and part-time faculty with degrees held or applicable experience;

(iv) a description of all school facilities;

(v) a description of all current course offerings;

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(vi) all requirements for satisfactory completion of courses, programs, and degrees;

(vii) the school's policy about freedom or limitation of expression and inquiry;

(viii) a current schedule of fees, charges for tuition, required supplies, student activities, housing, and all other standard charges;

(ix) the school's policy about refunds and adjustments;

(x) the school's policy about granting credit for prior education, training, and experience; ~~and~~

(xi) the school's policies about student admission, evaluation, suspension, and dismissal~~.~~; and

(xii) the school's disclosure to students on the student complaint process under section 136A.672.

Sec. 23. Minnesota Statutes 2017 Supplement, section 136A.646, is amended to read:

136A.646 ADDITIONAL SECURITY.

(a) New schools that have been granted conditional approval for degrees or names to allow them the opportunity to apply for and receive accreditation under section 136A.65, subdivision 7, ~~or~~ shall provide a surety bond in a sum equal to ten percent of the net revenue from tuition and fees in the registered institution's prior fiscal year, but in no case shall the bond be less than $10,000.

(b) Any registered institution that is notified by the United States Department of Education that it has fallen below minimum financial standards and that its continued participation in Title IV will be conditioned upon its satisfying either the Zone Alternative, Code of Federal Regulations, title 34, section 668.175, paragraph (f), or a Letter of Credit Alternative, Code of Federal Regulations, title 34, section 668.175, paragraph (c), shall provide a surety bond in a sum equal to the "letter of credit" required by the United States Department of Education in the Letter of Credit Alternative, but in no event shall such bond be less than $10,000 nor more than $250,000. In the event the letter of credit required by the United States Department of Education is higher than ten percent of the Title IV, Higher Education Act program funds received by the institution during its most recently completed fiscal year, the office shall reduce the office's surety requirement to represent ten percent of the Title IV, Higher Education Act program funds received by the institution during its most recently completed fiscal year, subject to the minimum and maximum in this paragraph.

~~(b)~~ (c) In lieu of a bond, the applicant may deposit with the commissioner of management and budget:

(1) a sum equal to the amount of the required surety bond in cash;

(2) securities, as may be legally purchased by savings banks or for trust funds, in an aggregate market value equal to the amount of the required surety bond; or

(3) an irrevocable letter of credit issued by a financial institution to the amount of the required surety bond.

~~(c)~~ (d) The surety of any bond may cancel it upon giving 60 days' notice in writing to the office and shall be relieved of liability for any breach of condition occurring after the effective date of cancellation.

~~(d)~~ (e) In the event of a school closure, the additional security must first be used to destroy any private educational data under section 13.32 left at a physical campus in Minnesota after all other governmental agencies have recovered or retrieved records under their record retention policies. Any remaining funds must then be used to reimburse tuition and fee costs to students that were enrolled at the time of the closure or had withdrawn in the previous 120 calendar days but did not graduate. Priority for refunds will be given to students in the following order:

(1) cash payments made by the student or on behalf of a student;

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(2) private student loans; and

(3) Veteran Administration education benefits that are not restored by the Veteran Administration. If there are additional security funds remaining, the additional security funds may be used to cover any administrative costs incurred by the office related to the closure of the school.

Sec. 24. Minnesota Statutes 2017 Supplement, section 136A.672, is amended by adding a subdivision to read:

Subd. 6. **Disclosure.** Schools must disclose on their Web site, student handbook, and student catalog the student complaint process under this section to students.

Sec. 25. Minnesota Statutes 2017 Supplement, section 136A.822, subdivision 6, is amended to read:

Subd. 6. **Bond.** (a) No license shall be issued to any private career school which maintains, conducts, solicits for, or advertises within the state of Minnesota any program, unless the applicant files with the office a continuous corporate surety bond written by a company authorized to do business in Minnesota conditioned upon the faithful performance of all contracts and agreements with students made by the applicant.

(b)(1) The amount of the surety bond shall be ten percent of the preceding year's net ~~income~~ revenue from student tuition, fees, and other required institutional charges collected, but in no event less than $10,000, except that a private career school may deposit a greater amount at its own discretion. A private career school in each annual application for licensure must compute the amount of the surety bond and verify that the amount of the surety bond complies with this subdivision. A private career school that operates at two or more locations may combine net ~~income~~ revenue from student tuition, fees, and other required institutional charges collected for all locations for the purpose of determining the annual surety bond requirement. The net revenue from tuition and fees used to determine the amount of the surety bond required for a private career school having a license for the sole purpose of recruiting students in Minnesota shall be only that paid to the private career school by the students recruited from Minnesota.

(2) A person required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in its name and which is also licensed by another state agency or board, except not including those schools licensed exclusively in order to participate in state grants or SELF loan financial aid programs, shall be required to provide a school bond of $10,000.

(c) The bond shall run to the state of Minnesota and to any person who may have a cause of action against the applicant arising at any time after the bond is filed and before it is canceled for breach of any contract or agreement made by the applicant with any student. The aggregate liability of the surety for all breaches of the conditions of the bond shall not exceed the principal sum deposited by the private career school under paragraph (b). The surety of any bond may cancel it upon giving 60 days' notice in writing to the office and shall be relieved of liability for any breach of condition occurring after the effective date of cancellation.

(d) In lieu of bond, the applicant may deposit with the commissioner of management and budget a sum equal to the amount of the required surety bond in cash, an irrevocable letter of credit issued by a financial institution equal to the amount of the required surety bond, or securities as may be legally purchased by savings banks or for trust funds in an aggregate market value equal to the amount of the required surety bond.

(e) Failure of a private career school to post and maintain the required surety bond or deposit under paragraph (d) may result in denial, suspension, or revocation of the school's license.

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Sec. 26. Minnesota Statutes 2016, section 136A.822, subdivision 10, is amended to read:

Subd. 10. **Catalog, brochure, or electronic display.** Before a license is issued to a private career school, the private career school shall furnish to the office a catalog, brochure, or electronic display including:

(1) identifying data, such as volume number and date of publication;

(2) name and address of the private career school and its governing body and officials;

(3) a calendar of the private career school showing legal holidays, beginning and ending dates of each course quarter, term, or semester, and other important dates;

(4) the private career school policy and regulations on enrollment including dates and specific entrance requirements for each program;

(5) the private career school policy and regulations about leave, absences, class cuts, make-up work, tardiness, and interruptions for unsatisfactory attendance;

(6) the private career school policy and regulations about standards of progress for the student including the grading system of the private career school, the minimum grades considered satisfactory, conditions for interruption for unsatisfactory grades or progress, a description of any probationary period allowed by the private career school, and conditions of reentrance for those dismissed for unsatisfactory progress;

(7) the private career school policy and regulations about student conduct and conditions for dismissal for unsatisfactory conduct;

(8) a detailed schedule of fees, charges for tuition, books, supplies, tools, student activities, laboratory fees, service charges, rentals, deposits, and all other charges;

(9) the private career school policy and regulations, including an explanation of section 136A.827, about refunding tuition, fees, and other charges if the student does not enter the program, withdraws from the program, or the program is discontinued;

(10) a description of the available facilities and equipment;

(11) a course outline syllabus for each course offered showing course objectives, subjects or units in the course, type of work or skill to be learned, and approximate time, hours, or credits to be spent on each subject or unit;

(12) the private career school policy and regulations about granting credit for previous education and preparation;

(13) a notice to students relating to the transferability of any credits earned at the private career school to other institutions;

(14) a procedure for investigating and resolving student complaints; ~~and~~

(15) the name and address of the office~~.~~; and

(16) the student complaint process and rights under section 136A.8295.

A private career school that is exclusively a distance education school is exempt from clauses (3) and (5).

Sec. 27. Minnesota Statutes 2017 Supplement, section 136A.8295, is amended by adding a subdivision to read:

Subd. 6. **Disclosure.** Schools must disclose on their Web site, student handbook, and student catalog the student complaint process under this section to students.

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Sec. 28. Minnesota Statutes 2016, section 136A.901, subdivision 1, is amended to read:

Subdivision 1. **Grant program.** (a) The commissioner shall establish a grant program to award grants to institutions in Minnesota for research into spinal cord injuries and traumatic brain injuries. Grants shall be awarded to conduct research into new and innovative treatments and rehabilitative efforts for the functional improvement of people with spinal cord and traumatic brain injuries. Research topics may include, but are not limited to, pharmaceutical, medical device, brain stimulus, and rehabilitative approaches and techniques. The commissioner, in consultation with the advisory council established under section 136A.902, shall award 50 percent of the grant funds for research involving spinal cord injuries and 50 percent to research involving traumatic brain injuries. In addition to the amounts appropriated by law, the commissioner may accept additional funds from private and public sources. Amounts received from these sources are appropriated to the commissioner for the purposes of issuing grants under this section.

(b) A spinal cord and traumatic brain injury grant account is established in the special revenue fund. Money in the account is appropriated to the commissioner to make grants and to administer the grant program under this section. Appropriations to the commissioner for the program are for transfer to the account. Appropriations from the account do not cancel and are available until expended.

Sec. 29. Minnesota Statutes 2016, section 137.0245, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** A Regent Candidate Advisory Council is established in the legislative branch to assist in determining criteria for~~, and identifying and recruiting~~ membership on the Board of Regents, to identify and recruit qualified regent candidates ~~for membership on the Board of Regents~~, and ~~making~~ to make recommendations to the joint legislative committee described in section 137.0246, subdivision 2.

Sec. 30. Minnesota Statutes 2016, section 137.0245, subdivision 2, is amended to read:

Subd. 2. **Membership.** The Regent Candidate Advisory Council shall consist of 24 members. Twelve members shall be appointed by the Subcommittee on Committees of the Committee on Rules and Administration of the senate. Twelve members shall be appointed by the speaker of the house. Each appointing authority must appoint one member who is a student enrolled in a degree program at the University of Minnesota at the time of appointment. No more than one-third of the members appointed by each appointing authority may be current or former legislators. No more than two-thirds of the members appointed by each appointing authority may belong to the same political party; however, political activity or affiliation is not required for the appointment of any member. ~~Geographical representation must be taken into consideration when making appointments.~~ Each appointing authority must appoint at least one but no more than three members from each congressional district. The member must reside in the congressional district he or she represents at the time of appointment. Section 15.0575 shall govern the advisory council, except that:

(1) the members shall be appointed to six-year terms with one-third appointed each even-numbered year; and

(2) student members are appointed to two-year terms with two students appointed each even-numbered year.

A member may not serve more than two full terms.

EFFECTIVE DATE. This section is effective for appointments made on or after July 1, 2018.

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Sec. 31. Minnesota Statutes 2016, section 137.0245, subdivision 4, is amended to read:

Subd. 4. **Recommendations.** (a) The advisory council shall recommend at least two and not more than four candidates. By January 15 of each odd-numbered year, the advisory council shall submit its recommendations to the joint legislative committee described in section 137.0246, subdivision 2.

(b) ~~The advisory council~~ At the same time the advisory council submits its recommendations, the council must submit a report to the joint committee ~~on~~ which includes: (1) the needs criterion identified under subdivision 3, paragraph (c)~~, at the same time it submits its recommendations~~; (2) a detailed description of all methods and tools used to screen each candidate; and (3) the name of the member or staff person who screened each candidate.

Sec. 32. Minnesota Statutes 2016, section 137.0245, subdivision 5, is amended to read:

Subd. 5. **Support services.** The Legislative Coordinating Commission shall collect application materials from regent candidates, perform background checks on regent candidates at the direction of the chairs and ranking minority members of the legislative committees with jurisdiction over higher education policy and finance, and forward all materials to the advisory council. The Legislative Coordinating Commission shall provide administrative and support services for the advisory council.

Sec. 33. Minnesota Statutes 2017 Supplement, section 298.2215, is amended to read:

298.2215 COUNTY SCHOLARSHIP ~~PROGRAM~~ ENDOWMENT ACCOUNT.

Subdivision 1. ~~**Establishment**~~ **Account established.** A county board of commissioners may establish ~~a scholarship fund from~~ an endowment account and may deposit into the account any unencumbered revenue received pursuant to section 298.018, 298.28, 298.39, 298.396, or 298.405 or any law imposing a tax upon severed mineral values. ~~Scholarships must be used at a two-year Minnesota State Colleges and Universities institution within the county. The county shall establish procedures for applying for and distributing the scholarships~~ The county board may deposit into the account private contributions, gifts, or grants. Any interest or profit accruing from the investment of these sums is credited to the account.

Subd. 1a. **Use of funds.** Income derived from the investment of the principal in the account must be used to provide scholarships to eligible applicants. Scholarships must be used at a two-year Minnesota State Colleges and Universities institution within the county. The county board shall establish procedures for applying for and distributing the scholarships.

Subd. 2. **Eligibility.** An applicant for a scholarship under this section must be a resident of the county at the time of the applicant's high school graduation. The county board may establish additional eligibility criteria.

Subd. 3. **Investment.** The county board may:

(1) deposit part or all of the endowment account funds as provided in chapter 118A; or

(2) enter into an agreement with the State Board of Investment to invest all or part of the endowment account funds in investments under section 11A.24, on behalf of the county.

Subd. 4. **Audits.** The account is subject to audit by the state auditor.

Sec. 34. Laws 2017, chapter 89, article 1, section 2, subdivision 18, is amended to read:

	~~3,481,000~~	
Subd. 18. **MNSCU Two-Year Public College Program**	2,481,000	-0-

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(a) ~~$2,780,000~~ $1,780,000 in fiscal year 2018 is for two-year public college program grants under Laws 2015, chapter 69, article 3, section 20.

(b) $545,000 in fiscal year 2018 is to provide mentoring and outreach as specified under Laws 2015, chapter 69, article 3, section 20.

(c) $156,000 in fiscal year 2018 is for information technology and administrative costs associated with implementation of the grant program.

EFFECTIVE DATE. This section is effective June 30, 2018.

Sec. 35. Laws 2017, chapter 89, article 1, section 2, subdivision 20, is amended to read:

Subd. 20. **Spinal Cord Injury and Traumatic Brain Injury Research Grant Program**	3,000,000	3,000,000

~~For spinal cord injury and traumatic brain injury research grants authorized under Minnesota Statutes, section 136A.901.~~

For transfer to the spinal cord and traumatic brain injury grant account in the special revenue fund under Minnesota Statutes, section 136A.901, subdivision 1.

The commissioner may use no more than three percent of ~~this appropriation~~ the amount transferred under this subdivision to administer the grant program ~~under this subdivision~~.

Sec. 36. Laws 2017, chapter 89, article 1, section 2, subdivision 29, is amended to read:

Subd. 29. **Emergency Assistance for Postsecondary Students**	175,000	175,000

(a) This appropriation is for the Office of Higher Education to allocate grant funds on a matching basis to ~~schools~~ eligible institutions as defined under Minnesota Statutes, section 136A.103, located in Minnesota with a demonstrable homeless student population.

(b) This appropriation shall be used to meet immediate student needs that could result in a student not completing the term or their program including, but not limited to, emergency housing, food, and transportation. Emergency assistance does not impact the amount of state financial aid received.

(c) The commissioner shall determine the application process and the grant amounts. Any balance in the first year does not cancel but shall be available in the second year. The Office of Higher Education shall

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partner with interested postsecondary institutions, other state agencies, and student groups to establish the programs.

Sec. 37. Laws 2017, chapter 89, article 1, section 2, subdivision 31, is amended to read:

Subd. 31. **Teacher Shortage Loan Forgiveness**	200,000	200,000

For transfer to the teacher shortage loan forgiveness ~~program~~ repayment account in the special revenue fund under Minnesota Statutes, section 136A.1791, subdivision 8.

The commissioner may use no more than three percent of ~~this appropriation~~ the amount transferred under this subdivision to administer the program ~~under this subdivision~~.

Sec. 38. Laws 2017, chapter 89, article 1, section 2, subdivision 32, is amended to read:

Subd. 32. **Large Animal Veterinarian Loan Forgiveness Program**	375,000	375,000

For transfer to the large animal veterinarian loan forgiveness program account in the special revenue fund under Minnesota Statutes, section 136A.1795, subdivision 2.

Sec. 39. Laws 2017, chapter 89, article 1, section 2, subdivision 33, is amended to read:

Subd. 33. **Agricultural Educators Loan Forgiveness**	50,000	50,000

For ~~deposit in~~ transfer to the agricultural education loan forgiveness account in the special revenue fund under Minnesota Statutes, section 136A.1794, subdivision 2.

Sec. 40. Laws 2017, chapter 89, article 1, section 2, subdivision 34, is amended to read:

Subd. 34. **Aviation Degree Loan Forgiveness Program**	25,000	25,000

For transfer to the aviation degree loan forgiveness program account in the special revenue fund under Minnesota Statutes, section 136A.1789, subdivision 2.

Sec. 41. Laws 2017, chapter 89, article 1, section 2, subdivision 40, is amended to read:

Subd. 40. **Transfers**

The commissioner of the Office of Higher Education may transfer unencumbered balances from the

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appropriations in this section to the state grant appropriation, the interstate tuition reciprocity appropriation, the child care grant appropriation, the Indian scholarship appropriation, intervention for college attendance program grants appropriation, summer academic enrichment program appropriation, student-parent information appropriation, the state work-study appropriation, the get ready appropriation, and the public safety officers' survivors appropriation. Transfers from the child care or state work-study appropriations may only be made to the extent there is a projected surplus in the appropriation. A transfer may be made only with prior written notice to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over higher education finance.

Sec. 42. **AFFORDABLE TEXTBOOK PLAN AND REPORT.**

The Board of Trustees of the Minnesota State Colleges and Universities shall develop a plan to increase the use of affordable textbooks and instructional materials. The board must explore and study registration software or other systems and methods to disclose or display the cost of all textbooks and instructional materials required for a course at or prior to course registration. The plan must describe the systems or methods examined and the results of the study. The plan must establish a goal for the percentage of all courses offered at state colleges and universities that will use affordable textbooks and instructional materials. The plan must identify and describe key terms, including "affordable textbook," "instructional material," and "course." The board must submit the plan to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education by January 15, 2020.

Sec. 43. **TEACHER PREPARATION PROGRAM DESIGN GRANT.**

The commissioner of the Office of Higher Education shall make a grant to an institution of higher education, defined under Minnesota Statutes, section 135A.51, subdivision 5, to explore, design, and plan for a teacher preparation program leading to licensure as a teacher of the blind or visually impaired, consistent with Minnesota Rules, part 8710.5100. The commissioner may develop an application process and guidelines, as necessary, and may use up to two percent of the appropriation for administrative costs. The grant recipient shall submit a report describing the plan and identifying potential ongoing costs for the program to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education finance and policy no later than January 15, 2020.

Sec. 44. **UNIVERSITY OF MINNESOTA; APPEAL PROCESS FOR SEXUAL MISCONDUCT FINDINGS INVOLVING EMPLOYEES.**

The Board of Regents of the University of Minnesota is requested to amend its sexual misconduct policies to:

(1) provide a process for accused university employees and their victims to appeal findings of the university's Office of Equal Opportunity and Affirmative Action before an impartial decision maker; and

(2) require the office, at the conclusion of a sexual misconduct investigation, to provide notice to accused university employees and their victims of any appeal rights.

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Sec. 45. **REPEALER.**

Minnesota Statutes 2016, sections 136A.15, subdivisions 2 and 7; and 136A.1701, subdivision 12, are repealed.

ARTICLE 23

TRANSPORTATION APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

The sums shown in the column under "Appropriations" are added to the appropriations in Laws 2017, First Special Session chapter 3, article 1, and Laws 2017, First Special Session chapter 4, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. Amounts for "Total Appropriation" and sums shown in the corresponding columns marked "Appropriations by Fund" are summary only and do not have legal effect. The figures "2018" and "2019" used in this article mean that the addition to the appropriation listed under them is available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively.

	APPROPRIATIONS Available for the Year Ending June 30	
	2018	**2019**

Sec. 2. **DEPARTMENT OF TRANSPORTATION**

Subdivision 1. **Total Appropriation**	**$**	**-0-**	**$**	**66,860,000**

Appropriations by Fund

	2018	2019
General	-0-	34,860,000
Special Revenue	-0-	1,000,000
Trunk Highway	-0-	30,000,000
State Airport	-0-	1,000,000

The appropriations in this section are to the commissioner of transportation. The amounts that may be spent for each purpose are specified in the subdivisions in this section.

Subd. 2. **Aeronautics**	-0-	2,250,000

Appropriations by Fund

	2018	2019
General	-0-	1,250,000

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Airports	-0-	1,000,000

This appropriation is for a grant to the city of Rochester to acquire and install a CAT II approach system at the Rochester International Airport. This appropriation is available when the commissioner of transportation determines that sufficient resources have been committed to complete the project. This is a onetime appropriation and is available until June 30, 2023.

Subd. 3. **Rail Service Improvement**	-0-	1,000,000

This appropriation is from the rail service improvement account in the special revenue fund under the rail service improvement program in Minnesota Statutes, section 222.50, for a grant to the Minnesota Valley Regional Rail Authority to rehabilitate a portion of the railroad track between Winthrop and Hanley Falls. Railroad track rehabilitation under the grant includes but is not limited to environmental analysis and remediation, predesign, design, and rehabilitation or replacement of bridges or culverts. This grant is in addition to any other appropriation, or other grant, loan, or loan guarantee for this project made by the commissioner under Minnesota Statutes, sections 222.46 to 222.62. This is a onetime appropriation.

Subd. 4. **State Roads**

(a) **Program Delivery**	-0-	10,400,000

$5,400,000 in the second year is for a grant to the city of Virginia to repay loans incurred by the city for costs related to utility relocation for the U.S. Highway 53 project. This is a onetime appropriation.

$5,000,000 in the second year is for environmental analysis and preliminary engineering for the grade separation and realignment of the bridge on marked Trunk Highway 27 in the city of Little Falls. This is a onetime appropriation.

(b) **State Road Construction**	-0-	20,000,000

This appropriation is from the trunk highway fund for trunk highway reconstruction or resurfacing in calendar year 2019, 2020, or 2021 that includes establishment of one or more temporary lanes of travel, provided that the commissioner must establish additional permanent general purpose lanes on the segment if: (1) the project is on an interstate highway; (2) the project is located outside of a Department of Transportation district containing a city of the first class; (3) the total project cost estimate is at least $30,000,000; and (4) the annual

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average daily traffic is at least 40,000 at any point within the project limits. This is a onetime appropriation and is available until June 30, 2022.

(c) **Corridors of Commerce** -0- 10,000,000

This appropriation is from the trunk highway fund for the corridors of commerce program under Minnesota Statutes, section 161.088. This is a onetime appropriation.

Subd. 5. **Local Roads**

(a) **Small Cities Assistance** -0- 8,500,000

This appropriation is for the small cities assistance program under Minnesota Statutes, section 162.145. This is a onetime appropriation.

(b) **Town Roads** -0- 4,000,000

This appropriation is for town roads, to be distributed in the manner provided under Minnesota Statutes, section 162.081. This is a onetime appropriation.

(c) **Local Bridges** -0- 10,710,000

This appropriation is for local bridges under Minnesota Statutes, section 174.50. This is a onetime appropriation.

Subd. 6. **Transfer; Rail Service Improvement**

Before August 1, 2018, the commissioner of management and budget must transfer $3,000,000 from the general fund to the rail service improvement account in the special revenue fund. This is a onetime transfer.

Sec. 3. **METROPOLITAN COUNCIL** **$** **-0-** **$** **2,100,000**

This appropriation is to the Metropolitan Council for financial assistance to replacement service providers under Minnesota Statutes, section 473.388, for capital improvements, including bus replacement, associated with the suburb-to-suburb transit project authorized under Laws 2015, chapter 75, article 1, section 4. This is a onetime appropriation.

Sec. 4. **DEPARTMENT OF PUBLIC SAFETY**

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Subdivision 1. **Minnesota Licensing and Registration System (MNLARS)** **$ -0- $ 13,730,000**

Appropriations by Fund	2018	2019
General	-0-	12,830,000
Driver and Vehicle Services	-0-	900,000

This appropriation is to the commissioner of public safety.

The appropriation in fiscal year 2019 is for contracted technical staff and technical costs related to continued development, improvement, operations, and deployment of MNLARS, and may be expended only for (1) contracting to perform software development on the vehicle services component of MNLARS, and (2) technology costs.

The appropriation in this subdivision must not be expended on additional full- or part-time employees employed by the Department of Public Safety.

The appropriation in this subdivision is subject to the quarterly review process established in Laws 2018, chapter 101, section 4, subdivision 5.

Of the appropriation from the driver and vehicle services fund, $200,000 is from the vehicle services operating account and $700,000 is from the driver services operating account.

The base from the general fund is $2,600,000 in fiscal year 2020 and $0 in fiscal year 2021. The base from the vehicle services operating account is $700,000 in fiscal year 2020 and $0 in fiscal year 2021.The base from the driver services operating account is $2,200,000 in fiscal year 2020 and $0 in fiscal year 2021. The planning estimates in fiscal year 2020 may only be used for a FAST Enterprise contract payment related to the driver licensing system.

Subd. 2. **Transfer; Driver and Vehicle Services Technology Account**

By July 1, 2018, the unencumbered balance in the driver and vehicle services technology account in the special revenue fund is transferred to the driver and vehicle services technology account in the driver and vehicle services fund.

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Subd. 3. **Transfer; Driver Services Operating Account**

By July 1, 2018, the unencumbered balance in the driver services operating account in the special revenue fund is transferred to the driver services operating account in the driver and vehicle services fund.

Subd. 4. **Transfer; Vehicle Services Operating Account**

By July 1, 2018, the unencumbered balance in the vehicle services operating account in the special revenue fund is transferred to the vehicle services operating account in the driver and vehicle services fund.

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

Sec. 5. **DEPARTMENT OF MANAGEMENT AND BUDGET** **$** **-0-** **$** **5,000,000**

This appropriation is to the commissioner of management and budget for reimbursement grants to deputy registrars under section 10. This is a onetime appropriation.

Sec. 6. Laws 2017, First Special Session chapter 3, article 1, section 2, subdivision 2, is amended to read:

Subd. 2. **Multimodal Systems**

(a) **Aeronautics**

(1) **Airport Development and Assistance** 26,001,000 16,598,000

This appropriation is from the state airports fund and must be spent according to Minnesota Statutes, section 360.305, subdivision 4.

Notwithstanding Minnesota Statutes, section 16A.28, subdivision 6, this appropriation is available for five years after the year of the appropriation. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

$6,619,000 in the first year is for a grant to the Duluth Airport Authority for improvements at the Duluth International Airport and the Sky Harbor Airport in accordance with Minnesota Statutes, section 360.017. For the purposes of this appropriation, the commissioner may waive the requirements of Minnesota Statutes, section 360.305, subdivision 4, paragraph (b). This appropriation may be used to reimburse the Authority for costs incurred after March 1, 2015. This is a onetime appropriation.

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$2,334,000 in the first year is for a grant to the city of Rochester for improvements to the passenger terminal building at the Rochester International Airport in accordance with Minnesota Statutes, section 360.017. For the purposes of this appropriation, the commissioner of transportation may waive the requirements of Minnesota Statutes, section 360.305, subdivision 4, paragraph (b). This appropriation may be used to reimburse the city for costs incurred after May 1, 2016. This is a onetime appropriation.

Notwithstanding Minnesota Statutes, section 360.017, $250,000 in the first year is for a grant to the city of St. Cloud for an air transport optimization planning study for the St. Cloud Regional Airport. The study must be comprehensive and market-based, using economic development and air service expertise to research, analyze, and develop models and strategies that maximize the return on investments made to enhance the use and impact of the St. Cloud Regional Airport. By January 5, 2018, the city of St. Cloud shall submit a report to the governor and the members and staff of the legislative committees with jurisdiction over capital investment, transportation, and economic development with recommendations based on the findings of the study. This is a onetime appropriation.

If the commissioner of transportation determines that a balance remains in the state airports fund following the appropriations made in this article and that the appropriations made are insufficient for advancing airport development and assistance projects, an amount necessary to advance the projects, not to exceed the balance in the state airports fund, is appropriated in each year to the commissioner and must be spent according to Minnesota Statutes, section 360.305, subdivision 4. Within two weeks of a determination under this contingent appropriation, the commissioner of transportation must notify the commissioner of management and budget and the chairs, ranking minority members, and staff of the legislative committees with jurisdiction over transportation finance concerning the funds appropriated. Funds appropriated under this contingent appropriation do not adjust the base for fiscal years 2020 and 2021.

The base is $15,298,000 in each of fiscal years 2020 and 2021.

(2) **Aviation Support and Services** 6,710,000 6,854,000

Appropriations by Fund

2018 2019

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Airports	5,231,000	5,231,000
Trunk Highway	1,479,000	1,623,000

(3) **Civil Air Patrol** 3,580,000 80,000

This appropriation is from the state airports fund for the Civil Air Patrol.

$3,500,000 in the first year is for a grant to: (i) perform site selection and analysis; (ii) purchase, renovate ~~a portion of and~~, or construct ~~an addition to the~~ training and maintenance ~~facility located at the South St. Paul airport,~~ facilities; and ~~to~~ (iii) furnish and equip the ~~facility~~ facilities, including communications equipment. If the Civil Air Patrol purchases an existing facility, predesign requirements are waived. The facilities must be located at an airport in Minnesota. Notwithstanding the matching requirements in Minnesota Statutes, section 360.305, subdivision 4, a nonstate contribution is not required for this appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 6, this appropriation is available for ~~five~~ six years after the year of the appropriation. This is a onetime appropriation.

(b) **Transit** 1,416,000 18,268,000

Appropriations by Fund

	2018	2019
General	570,000	17,395,000
Trunk Highway	846,000	873,000

$150,000 in each year is from the general fund for grants to transportation management organizations that provide services exclusively or primarily in the city located along the marked Interstate Highway 494 corridor having the highest population as of the effective date of this section. The commissioner must not retain any portion of the funds appropriated under this section. From the appropriation in each fiscal year, the commissioner must make grant payments in full by July 31. Permissible uses of funds under this grant include administrative expenses and programming and service expansion, including but not limited to staffing, communications, outreach and education program development, and operations management. This is a onetime appropriation.

The base from the general fund is $17,245,000 in each year for fiscal years 2020 and 2021.

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(c) **Safe Routes to School**	500,000	500,000
This appropriation is from the general fund for the safe routes to school program under Minnesota Statutes, section 174.40.		
(d) **Passenger Rail**	500,000	500,000
This appropriation is from the general fund for passenger rail system planning, alternatives analysis, environmental analysis, design, and preliminary engineering under Minnesota Statutes, sections 174.632 to 174.636.		
(e) **Freight**		
Freight and Commercial Vehicle Operations	8,506,000	6,578,000

Appropriations by Fund

	2018	2019
General	3,156,000	1,056,000
Trunk Highway	5,350,000	5,522,000

$1,100,000 in the first year is from the general fund for port development assistance grants under Minnesota Statutes, chapter 457A, to the city of Red Wing and to the Port Authority of Winona. Any improvements made with the proceeds of the grants must be publicly owned. This is a onetime appropriation and is available in the second year.

$800,000 in each year is from the general fund for additional rail safety and rail service activities.

$1,000,000 in the first year is from the general fund for a grant to the city of Grand Rapids to fund rail planning studies, design, and preliminary engineering relating to the construction of a freight rail line located in the counties of Itasca, St. Louis, and Lake to serve local producers and shippers. The city of Grand Rapids shall collaborate with the Itasca Economic Development Corporation and the Itasca County Regional Railroad Authority in the activities funded with the proceeds of this grant. This is a onetime appropriation and is available until June 30, 2019.

Sec. 7. Laws 2017, First Special Session chapter 3, article 1, section 4, subdivision 1, is amended to read:

				~~**199,407,000**~~
Subdivision 1. **Total Appropriation**	**$**	**199,838,000**	**$**	**198,041,000**

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Appropriations by Fund	2018	2019
General	19,971,000	14,381,000
Special Revenue	63,945,000	~~65,087,000~~ 1,439,000
H.U.T.D.	10,474,000	~~10,486,000~~ 9,120,000
Trunk Highway	105,448,000	109,453,000
Driver and Vehicle Services	-0-	63,648,000

The appropriations in this section are to the commissioner of public safety. The amounts that may be spent for each purpose are specified in the following subdivisions.

Sec. 8. Laws 2017, First Special Session chapter 3, article 1, section 4, subdivision 2, is amended to read:

Subd. 2. **Administration and Related Services**

(a) **Office of Communications**	553,000	573,000

Appropriations by Fund	2018	2019
General	127,000	130,000
Trunk Highway	426,000	443,000

(b) **Public Safety Support**	6,372,000	~~6,569,000~~ 5,203,000

Appropriations by Fund	2018	2019
General	1,225,000	1,235,000
H.U.T.D.	1,366,000	~~1,366,000~~ -0-
Trunk Highway	3,781,000	3,968,000

(c) **Public Safety Officer Survivor Benefits**	640,000	640,000

This appropriation is from the general fund for payment of public safety officer survivor benefits under Minnesota Statutes, section 299A.44.

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If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

(d) **Public Safety Officer Reimbursements** 1,367,000 1,367,000

This appropriation is from the general fund to be deposited in the public safety officer's benefit account. This money is available for reimbursements under Minnesota Statutes, section 299A.465.

(e) **Soft Body Armor Reimbursements** 700,000 700,000

Appropriations by Fund

	2018	2019
General	600,000	600,000
Trunk Highway	100,000	100,000

This appropriation is for soft body armor reimbursements under Minnesota Statutes, section 299A.38.

(f) **Technology and Support Service** 3,777,000 3,814,000

Appropriations by Fund

	2018	2019
General	1,353,000	1,365,000
H.U.T.D.	19,000	19,000
Trunk Highway	2,405,000	2,430,000

Sec. 9. Laws 2017, First Special Session chapter 3, article 1, section 4, subdivision 4, is amended to read:

Subd. 4. **Driver and Vehicle Services**

(a) **Vehicle Services** 30,745,000 31,159,000

Appropriations by Fund

	2018	2019
Special Revenue	22,509,000	~~22,923,000~~ 0
H.U.T.D.	8,236,000	8,236,000
Driver and Vehicle Services	0	22,923,000

The special revenue fund appropriation in fiscal year 2018 is from the vehicle services operating account. The driver and vehicle services fund appropriation in

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fiscal year 2019 is from the vehicle services operating account.

(b) **Driver Services** 32,014,000 32,725,000

Appropriations by Fund	2018	2019
Special Revenue	32,014,000	0
Driver and Vehicle Services	0	32,725,000

This appropriation is from the driver services operating account ~~in the special revenue fund~~ under Minnesota Statutes, section 299A.705.

$156,000 in each year is to maintain the automated knowledge test system.

(c) **Minnesota Licensing and Registration System (MNLARS)** 8,000,000 8,000,000

Appropriations by Fund	2018	2019
Special Revenue	8,000,000	0
Driver and Vehicle Services	0	8,000,000

This appropriation is for operations and maintenance of the driver and vehicle information system known as the Minnesota Licensing and Registration System.

$1,000,000 in the first year and $5,265,000 in the second year are from the driver services operating account ~~in the special revenue fund~~ under Minnesota Statutes, section 299A.705. This is a onetime appropriation.

$7,000,000 in the first year and $2,735,000 in the second year are from the vehicle services operating account ~~in the special revenue fund~~ under Minnesota Statutes, section 299A.705. This is a onetime appropriation.

Sec. 10. **DEPUTY REGISTRAR REIMBURSEMENTS.**

Subdivision 1. **Reimbursement grants.** (a) The commissioner of management and budget must provide reimbursement grants to deputy registrars using the money appropriated under section 5. The commissioner must provide the grants by August 1, 2018.

(b) The commissioner must use existing resources to administer the reimbursements.

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Subd. 2. **Eligibility.** A deputy registrar office operated by the state is not eligible to receive funds under this section.

Subd. 3. **Aid distribution.** (a) The reimbursement grant to each deputy registrar, as identified by the Driver and Vehicle Services-designated office location number, is calculated as follows:

(1) ten percent of available funds allocated equally among all deputy registrars;

(2) 45 percent of available funds allocated proportionally based on (i) the number of transactions where a filing fee under Minnesota Statutes, section 168.33, subdivision 7, is retained by each deputy registrar from August 1, 2017, through May 31, 2018, compared to (ii) the total number of transactions where a filing fee is retained by all deputy registrars during that time period; and

(3) 45 percent of available funds allocated proportionally based on (i) the number of transactions where a filing fee is retained by each deputy registrar from July 1, 2014, through June 30, 2017, compared to (ii) the total number of transactions where a filing fee is retained by all deputy registrars during that time period.

(b) For a deputy registrar appointed after July 1, 2014, the commissioner of management and budget must identify whether a corresponding discontinued deputy registrar appointment exists. If a corresponding discontinued deputy registrar is identified, the commissioner must include the transactions of the discontinued deputy registrar in the calculations under paragraph (a) for the deputy registrar appointed after July 1, 2014.

(c) For a deputy registrar appointed after July 1, 2014, to which paragraph (b) does not apply, the commissioner of management and budget must calculate the deputy registrar's proportional share under paragraph (a), clause (3), based on the average number of transactions where a filing fee is retained among the deputy registrars, as calculated excluding any deputy registrars for which this paragraph applies.

(d) In the calculations under paragraph (a), the commissioner of management and budget must exclude transactions for (1) a deputy registrar office operated by the state, and (2) a discontinued deputy registrar for which paragraph (b) does not apply.

ARTICLE 24

TRANSPORTATION POLICY

Section 1. Minnesota Statutes 2017 Supplement, section 3.972, subdivision 4, is amended to read:

Subd. 4. **Certain transit financial activity reporting.** (a) The legislative auditor must perform a transit financial activity review of financial information for the Metropolitan Council's Transportation Division ~~and the joint powers board under section 297A.992. Within 14 days of the end of each fiscal quarter,~~ two times each year. The first report, due April 1, must include the quarters ending on September 30 and December 31 of the previous calendar year. The second report, due October 1, must include the quarters ending on March 31 and June 30 of the current year. The legislative auditor must submit the review to the Legislative Audit Commission and the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance, finance, and ways and means.

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

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

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

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

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

(i) all expenditure commitments;

(ii) cash flow;

(iii) sufficiency of estimated funds; and

(iv) financial solvency of anticipated transit projects; and

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

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

(d) This subdivision expires on April 15, 2023.

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

Sec. 2. Minnesota Statutes 2016, section 13.461, is amended by adding a subdivision to read:

Subd. 33. **Metropolitan Council special transportation service.** Data sharing between the commissioner of human services and the Metropolitan Council to administer and coordinate transportation services for individuals with disabilities and elderly individuals is governed by section 473.386, subdivision 9.

EFFECTIVE DATE. This section is effective June 1, 2018, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 3. Minnesota Statutes 2016, section 13.6905, subdivision 3, is amended to read:

Subd. 3. **Motor vehicle registration.** Various data on motor vehicle registrations are classified under sections 168.327, subdivision 3, and 168.346. Use of vehicle registration data is governed by section 168.345.

Sec. 4. Minnesota Statutes 2016, section 13.72, subdivision 10, is amended to read:

Subd. 10. **Transportation service data.** (a) Personal, medical, financial, familial, or locational information data pertaining to applicants for or users of services providing transportation for ~~the disabled~~ individuals with disabilities or elderly individuals are private data on individuals.

(b) Private transportation service data may be disclosed between the commissioner of human services and the Metropolitan Council to administer and coordinate human services programs and transportation services for individuals with disabilities and elderly individuals under section 473.386.

EFFECTIVE DATE. This section is effective June 1, 2018, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 5. Minnesota Statutes 2016, section 80E.13, is amended to read:

80E.13 UNFAIR PRACTICES BY MANUFACTURERS, DISTRIBUTORS, FACTORY BRANCHES.

It is unlawful and an unfair practice for a manufacturer, distributor, or factory branch to engage in any of the following practices:

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(a) delay, refuse, or fail to deliver new motor vehicles or new motor vehicle parts or accessories in reasonable time and in reasonable quantity relative to the new motor vehicle dealer's facilities and sales potential in the dealer's relevant market area, after having accepted an order from a new motor vehicle dealer having a franchise for the retail sale of any new motor vehicle sold or distributed by the manufacturer or distributor, if the new motor vehicle or new motor vehicle parts or accessories are publicly advertised as being available for delivery or actually being delivered. This clause is not violated, however, if the failure is caused by acts or causes beyond the control of the manufacturer;

(b) refuse to disclose to any new motor vehicle dealer handling the same line make, the manner and mode of distribution of that line make within the relevant market area;

(c) obtain money, goods, service, or any other benefit from any other person with whom the dealer does business, on account of, or in relation to, the transaction between the dealer and the other person, other than for compensation for services rendered, unless the benefit is promptly accounted for, and transmitted to, the new motor vehicle dealer;

(d) increase prices of new motor vehicles which the new motor vehicle dealer had ordered for private retail consumers prior to the dealer's receiving the written official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order if the vehicle is in fact delivered to that customer. In the event of manufacturer price reductions, the amount of any reduction received by a dealer shall be passed on to the private retail consumer by the dealer if the retail price was negotiated on the basis of the previous higher price to the dealer;

(e) offer any refunds or other types of inducements to any new motor vehicle dealer for the purchase of new motor vehicles of a certain line make without making the same offer to all other new motor vehicle dealers in the same line make within geographic areas reasonably determined by the manufacturer;

(f) release to any outside party, except under subpoena or in an administrative or judicial proceeding involving the manufacturer or dealer, any business, financial, or personal information which may be provided by the dealer to the manufacturer, without the express written consent of the dealer or unless pertinent to judicial or governmental administrative proceedings or to arbitration proceedings of any kind;

(g) deny any new motor vehicle dealer the right of free association with any other new motor vehicle dealer for any lawful purpose;

(h) unfairly discriminate among its new motor vehicle dealers with respect to warranty reimbursement or authority granted its new vehicle dealers to make warranty adjustments with retail customers;

(i) compete with a new motor vehicle dealer in the same line make operating under an agreement or franchise from the same manufacturer, distributor, or factory branch. A manufacturer, distributor, or factory branch is considered to be competing when it has an ownership interest, other than a passive interest held for investment purposes, in a dealership of its line make located within the state. A manufacturer, distributor, or factory branch shall not, however, be deemed to be competing when operating a dealership, either temporarily or for a reasonable period, which is for sale to any qualified independent person at a fair and reasonable price, or when involved in a bona fide relationship in which an independent person has made a significant investment subject to loss in the dealership and can reasonably expect to acquire full ownership and full management and operational control of the dealership within a reasonable time on reasonable terms and conditions;

(j) prevent a new motor vehicle dealer from transferring or assigning a new motor vehicle dealership to a qualified transferee. There shall be no transfer, assignment of the franchise, or major change in the executive management of the dealership, except as is otherwise provided in sections 80E.01 to 80E.17, without consent of the manufacturer, which shall not be withheld without good cause. In determining whether good cause exists for withholding consent to a transfer or assignment, the manufacturer, distributor, factory branch, or importer has the burden of proving that the transferee is a person who is not of good moral character or does not meet the franchisor's existing and reasonable capital standards and, considering the volume of sales and

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service of the new motor vehicle dealer, reasonable business experience standards in the market area. Denial of the request must be in writing and delivered to the new motor vehicle dealer within 60 days after the manufacturer receives the completed application customarily used by the manufacturer, distributor, factory branch, or importer for dealer appointments. If a denial is not sent within this period, the manufacturer shall be deemed to have given its consent to the proposed transfer or change. In the event of a proposed sale or transfer of a franchise, the manufacturer, distributor, factory branch, or importer shall be permitted to exercise a right of first refusal to acquire the franchisee's assets or ownership if:

(1) the franchise agreement permits the manufacturer, distributor, factory branch, or importer to exercise a right of first refusal to acquire the franchisee's assets or ownership in the event of a proposed sale or transfer;

(2) the proposed transfer of the dealership or its assets is of more than 50 percent of the ownership or assets;

(3) the manufacturer, distributor, factory branch, or importer notifies the dealer in writing within 60 days of its receipt of the complete written proposal for the proposed sale or transfer on forms generally utilized by the manufacturer, distributor, factory branch, or importer for such purposes and containing the information required therein and all documents and agreements relating to the proposed sale or transfer;

(4) the exercise of the right of first refusal will result in the dealer and dealer's owners receiving the same or greater consideration with equivalent terms of sale as is provided in the documents and agreements submitted to the manufacturer, distributor, factory branch, or importer under clause (3);

(5) the proposed change of 50 percent or more of the ownership or of the dealership assets does not involve the transfer or sale of assets or the transfer or issuance of stock by the dealer or one or more dealer owners to a family member, including a spouse, child, stepchild, grandchild, spouse of a child or grandchild, brother, sister, or parent of the dealer owner; to a manager who has been employed in the dealership for at least four years and is otherwise qualified as a dealer operator; or to a partnership or corporation owned and controlled by one or more of such persons; and

(6) the manufacturer, distributor, factory branch, or importer agrees to pay the reasonable expenses, including reasonable attorney fees, which do not exceed the usual customary and reasonable fees charged for similar work done for other clients incurred by the proposed new owner and transferee before the manufacturer, distributor, factory branch, or importer exercises its right of first refusal, in negotiating and implementing the contract for the proposed change of ownership or transfer of dealership assets. However, payment of such expenses and attorney fees shall not be required if the dealer has not submitted or caused to be submitted an accounting of those expenses within 20 days after the dealer's receipt of the manufacturer, distributor, factory branch, or importer's written request for such an accounting. The manufacturer, distributor, factory branch, or importer may request such an accounting before exercising its right of first refusal. The obligation created under this clause is enforceable by the transferee;

(k) threaten to modify or replace or modify or replace a franchise with a succeeding franchise that would adversely alter the rights or obligations of a new motor vehicle dealer under an existing franchise or that substantially impairs the sales or service obligations or investments of the motor vehicle dealer;

(l) unreasonably deny the right to acquire factory program vehicles to any dealer holding a valid franchise from the manufacturer to sell the same line make of vehicles, provided that the manufacturer may impose reasonable restrictions and limitations on the purchase or resale of program vehicles to be applied equitably to all of its franchised dealers. For the purposes of this paragraph, "factory program vehicle" has the meaning given the term in section 80E.06, subdivision 2;

(m) fail or refuse to offer to its same line make franchised dealers all models manufactured for that line make, other than alternative fuel vehicles as defined in section 216C.01, subdivision 1b. Failure to offer a model is not a violation of this section if the failure is not arbitrary and is due to a lack of manufacturing

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capacity, a strike, labor difficulty, or other cause over which the manufacturer, distributor, or factory branch has no control;

(n) require a dealer to pay an extra fee, or remodel, renovate, or recondition the dealer's existing facilities, or purchase unreasonable advertising displays, training, tools, or other materials, or to require the dealer to establish exclusive facilities or dedicated personnel as a prerequisite to receiving a model or a series of vehicles;

(o) require a dealer to adhere to performance standards that are not applied uniformly to other similarly situated dealers.

A performance standard, sales objective, or program for measuring dealership performance that may have a material effect on a dealer, including the dealer's right to payment under any incentive or reimbursement program, and the application of the standard or program by a manufacturer, distributor, or factory branch must be fair, reasonable, equitable, and based on accurate information.

A manufacturer, distributor, or factory branch has the burden of proving that the performance standard, sales objective, or program for measuring dealership performance is fair and reasonable under this subdivision;

(p) unreasonably reduce a dealer's area of sales effectiveness without giving at least 90 days' notice of the proposed reduction. The change may not take effect if the dealer commences a civil action to determine whether there is good cause for the change within the 90 days' notice period. The burden of proof in such an action shall be on the manufacturer or distributor; ~~or~~

(q) to charge back, withhold payment, deny vehicle allocation, or take any other adverse action against a dealer when a new vehicle sold by the dealer has been exported to a foreign country, unless the manufacturer, distributor, or factory branch can show that at the time of sale, the customer's information was listed on a known or suspected exporter list made available to the dealer, or the dealer knew or reasonably should have known of the purchaser's intention to export or resell the motor vehicle in violation of the manufacturer's export policy. There is a rebuttable presumption that the dealer did not know or should not have reasonably known that the vehicle would be exported or resold in violation of the manufacturer's export policy if the vehicle is titled and registered in any state of the United States~~.~~; or

(r) to implement a charge back or withhold payment to a dealer that is solely due to an unreasonable delay by the registrar, as defined in section 168.002, subdivision 29, in the transfer or registration of a new motor vehicle. The dealer must give the manufacturer notice of the state's delay in writing. Within 30 days of any notice of a charge back, withholding of payments, or denial of a claim, the dealer must transmit to the manufacturer (1) documentation to demonstrate the vehicle sale and delivery as reported; and (2) a written attestation signed by the dealer operator or general manager stating that the delay is attributable to the state. This clause expires on June 30, 2021.

Sec. 6. Minnesota Statutes 2017 Supplement, section 160.02, subdivision 1a, is amended to read:

Subd. 1a. **Bikeway.** "Bikeway" ~~means a bicycle lane, bicycle path, shared use path, bicycle route, or similar bicycle facility, regardless of whether designed for the exclusive use of bicycles or for shared use with other transportation modes~~ has the meaning given in section 169.011, subdivision 9.

Sec. 7. Minnesota Statutes 2016, section 160.263, subdivision 2, is amended to read:

Subd. 2. **Powers of political subdivisions.** (a) The governing body of any political subdivision may by ordinance or resolution:

(1) designate any roadway or shoulder or portion thereof under its jurisdiction as a bicycle lane or bicycle route;

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(2) designate any sidewalk or portion thereof under its jurisdiction as a bicycle path provided that the designation does not destroy a pedestrian way or pedestrian access;

(3) develop and designate bicycle paths;

(4) designate as bikeways all bicycle lanes, bicycle routes, and bicycle paths.

(b) A governing body may not prohibit or otherwise restrict operation of an electric-assisted bicycle, as defined in section 169.011, subdivision 27, on any bikeway, roadway, or shoulder, unless the governing body determines that operation of the electric-assisted bicycle is not consistent with (1) the safety or general welfare of bikeway, roadway, or shoulder users; or (2) the terms of any property conveyance.

(c) A governing body is prohibited from establishing a bikeway in a segment of public road right-of-way that results in elimination or relocation of any disability parking that is designated under section 169.346, subdivision 2.

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

Sec. 8. Minnesota Statutes 2016, section 160.295, subdivision 5, is amended to read:

Subd. 5. **Rural agricultural business or tourist-oriented business.** (a) A rural agricultural or tourist-oriented business serviced by a specific service sign must be open a minimum of eight hours per day, six days per week, and 12 months per year. ~~However,~~

(b) A seasonal business ~~may qualify if it is~~ serviced by a specific service sign must be open eight hours per day and six days per week during the normal seasonal period.

(c) A farm winery serviced by a specific service sign must:

(1) be licensed under section 340A.315;

(2) be licensed by the Department of Health under section 157.16 or by the commissioner of agriculture under section 28A.04;

(3) provide continuous, staffed food service operation; and

(4) be open at least four hours per day and two days per week.

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

Sec. 9. Minnesota Statutes 2016, section 161.115, subdivision 111, is amended to read:

Subd. 111. **Route No. 180.** Beginning at a point on Route No. ~~392 southwest or west of Ashby~~ 3 at or near Erdahl, thence extending in a general northerly or northeasterly direction to a point on ~~Route No. 153 as herein established at or near Ashby, thence extending in a northeasterly direction to a point on~~ Route No. 181 as herein established at or near Ottertail.

Sec. 10. Minnesota Statutes 2016, section 161.14, is amended by adding a subdivision to read:

Subd. 88. **Trooper Ray Krueger Memorial Highway.** That segment of marked Trunk Highway 210 within Cass County is designated as "Trooper Ray Krueger Memorial Highway." Subject to section 161.139, the commissioner shall adopt a suitable design to mark this highway and erect appropriate signs in the vicinity of the location where Trooper Krueger died.

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Sec. 11. Minnesota Statutes 2016, section 161.14, is amended by adding a subdivision to read:

Subd. 89. **Warrant Officer Dennis A. Groth Memorial Bridge.** The bridge on marked U.S. Highway 52 over Dakota County State-Aid Highway 42, known as 145th Street within the city of Rosemount, is designated as "Warrant Officer Dennis A. Groth Memorial Bridge." Subject to section 161.139, the commissioner shall adopt a suitable design to mark the bridge and erect appropriate signs.

Sec. 12. Minnesota Statutes 2016, section 161.14, is amended by adding a subdivision to read:

Subd. 90. **Specialist Noah Pierce Bridge.** The bridge on marked U.S. Highway 53 over marked Trunk Highway 37 in the city of Eveleth is designated as "Specialist Noah Pierce Bridge." Subject to section 161.139, the commissioner shall adopt a suitable design to mark this bridge and erect appropriate signs.

Sec. 13. Minnesota Statutes 2016, section 161.32, subdivision 2, is amended to read:

Subd. 2. **Direct negotiation.** In cases where the estimated cost of construction work or maintenance work does not exceed ~~$150,000~~ $250,000, the commissioner may enter into a contract for the work by direct negotiation, by obtaining two or more quotations for the work, and without advertising for bids or otherwise complying with the requirements of competitive bidding if the total contractual obligation of the state for the directly negotiated contract or contracts on any single project does not exceed ~~$150,000~~ $250,000. All quotations obtained shall be kept on file for a period of at least one year after receipt of the quotation.

Sec. 14. Minnesota Statutes 2017 Supplement, section 168.013, subdivision 1a, is amended to read:

Subd. 1a. **Passenger automobile; hearse.** (a) On passenger automobiles as defined in section 168.002, subdivision 24, and hearses, except as otherwise provided, the tax is $10 plus an additional tax equal to 1.25 percent of the base value.

(b) Subject to the classification provisions herein, "base value" means the manufacturer's suggested retail price of the vehicle including destination charge using list price information published by the manufacturer or determined by the registrar if no suggested retail price exists, and shall not include the cost of each accessory or item of optional equipment separately added to the vehicle and the suggested retail price. In the case of the first registration of a new vehicle sold or leased by a licensed dealer, the dealer may elect to individually determine the base value of the vehicle using suggested retail price information provided by the manufacturer. The registrar must use the base value determined by the dealer to properly classify the vehicle. A dealer that elects to make the determination must retain a copy of the suggested retail price label or other supporting documentation with the vehicle transaction records maintained under Minnesota Rules, part 7400.5200.

(c) If the manufacturer's list price information contains a single vehicle identification number followed by various descriptions and suggested retail prices, the registrar shall select from those listings only the lowest price for determining base value.

(d) If unable to determine the base value because the vehicle is specially constructed, or for any other reason, the registrar may establish such value upon the cost price to the purchaser or owner as evidenced by a certificate of cost but not including Minnesota sales or use tax or any local sales or other local tax.

(e) The registrar shall classify every vehicle in its proper base value class as follows:

FROM	TO
$ 0	$ 199.99
$ 200	$ 399.99

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and thereafter a series of classes successively set in brackets having a spread of $200 consisting of such number of classes as will permit classification of all vehicles.

(f) The base value for purposes of this section shall be the middle point between the extremes of its class.

(g) The registrar shall establish the base value, when new, of every passenger automobile and hearse registered prior to the effective date of Extra Session Laws 1971, chapter 31, using list price information published by the manufacturer or any nationally recognized firm or association compiling such data for the automotive industry. If unable to ascertain the base value of any registered vehicle in the foregoing manner, the registrar may use any other available source or method. The registrar shall calculate tax using base value information available to dealers and deputy registrars at the time the application for registration is submitted. The tax on all previously registered vehicles shall be computed upon the base value thus determined taking into account the depreciation provisions of paragraph (h).

(h) The annual additional tax must be computed upon a percentage of the base value as follows: during the first year of vehicle life, upon 100 percent of the base value; for the second year, 90 percent of such value; for the third year, 80 percent of such value; for the fourth year, 70 percent of such value; for the fifth year, 60 percent of such value; for the sixth year, 50 percent of such value; for the seventh year, 40 percent of such value; for the eighth year, 30 percent of such value; for the ninth year, 20 percent of such value; for the tenth year, ten percent of such value; for the 11th and each succeeding year, the sum of $25.

(i) In no event shall the annual additional tax be less than $25.

(j) For any vehicle previously registered in Minnesota and regardless of prior ownership, the total amount due under this subdivision and subdivision 1m must not exceed the smallest total amount previously paid or due on the vehicle.

Sec. 15. Minnesota Statutes 2016, section 168.013, subdivision 6, is amended to read:

Subd. 6. **Listing by dealers.** (a) The owner of every motor vehicle not exempted by section 168.012 or 168.28~~, shall~~ must, so long as it is subject to taxation within the state, annually list ~~and~~, register ~~the same~~, and pay the tax ~~herein provided annually; provided, however, that any dealer in~~ under this section.

(b) A motor ~~vehicles, to whom dealer's plates have~~ vehicle dealer that has been issued ~~as provided in~~ dealer's plates under this chapter~~, coming~~ and comes into the possession of ~~any such~~ a motor vehicle to be held solely for ~~the purpose of~~ sale or demonstration or both~~, shall be~~ is entitled to withhold the tax due on the vehicle from the prior registration period or becoming due ~~on such vehicle~~ for the following year, and no lien for registration tax as provided in section 168.31, subdivision 6, attaches. When~~, thereafter, such~~ the vehicle is ~~otherwise~~ subsequently used or ~~is~~ sold, leased, or rented to another person, firm, corporation, or association, the tax for the remainder of the year, prorated on a monthly basis, ~~shall become~~ becomes payable immediately.

Sec. 16. Minnesota Statutes 2016, section 168.10, subdivision 1h, is amended to read:

Subd. 1h. **Collector military vehicle.** (a) A motor vehicle, including a truck, ~~shall~~ must be listed and registered under this section if it meets the following conditions:

(1) it is at least 20 years old;

(2) its first owner following its manufacture was a branch of the armed forces of the United States and it presently conforms to the vehicle specifications required during the time of military ownership, or it has been restored and presently conforms to the specifications required by a branch of the armed forces for the model year that the restored vehicle could have been owned by that branch of the armed forces; and

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(3) it is owned by a nonprofit organization and operated solely as a collector's vehicle. For purposes of this subdivision, "nonprofit organization" means a corporation, society, association, foundation, or institution organized and operated exclusively for historical or educational purposes, no part of the net earnings of which inures to the benefit of a private individual.

(b) The owner of the vehicle ~~shall~~ must execute an affidavit stating the name and address of the person from whom purchased and of the new owner; the make, year, and model number of the motor vehicle; the manufacturer's identification number; and the collector military vehicle identification number, if any, located on the exterior of the vehicle. The affidavit must affirm that the vehicle is owned by a nonprofit organization and is operated solely as a collector's item and not for general transportation purposes. If the commissioner is satisfied that the affidavit is true and correct and the owner pays a $25 tax and the plate fee authorized under section 168.12, the commissioner ~~shall~~ must list the vehicle for taxation and registration and ~~shall~~ issue number plates. The number plates ~~shall~~ must bear the inscriptions "Collector" and "Minnesota" and the registration number, but no date. The number plates are valid without renewal as long as the vehicle is in existence in Minnesota. The commissioner may revoke the plates for failure to comply with this subdivision.

(c) Notwithstanding section 168.09, 168.12, or other law to the contrary, the owner of a registered collector military vehicle is not required to display registration plates on the exterior of the vehicle if the vehicle has an exterior number identification that conforms to the identifying system for military vehicles in effect when the vehicle was last owned by the branch of the armed forces of the United States or in effect in the year to which the collector military vehicle has been restored. However, the state registration plates must be carried in or on the collector military vehicle at all times.

(d) The owner of a registered collector military vehicle that is not required to display registration plates under paragraph (c) may tow a registered trailer behind it. The trailer is not required to display registration plates if the trailer:

(1) does not exceed a gross weight of 15,000 pounds;

(2) otherwise conforms to registration, licensing, and safety laws and specifications;

(3) conforms to military specifications for appearance and identification;

(4) is intended to represent and does represent a military trailer; and

(5) carries registration plates on or in the trailer or the collector military vehicle towing the trailer.

(e) This subdivision does not apply to a decommissioned military vehicle that (1) was also manufactured and sold as a comparable civilian vehicle, and (2) has the same size dimensions and vehicle weight as the comparable civilian vehicle. A decommissioned military vehicle under this paragraph is eligible for a motor vehicle title under chapter 168A and is subject to the same registration, insurance, equipment, and operating requirements as a motor vehicle.

Sec. 17. Minnesota Statutes 2016, section 168.101, subdivision 2a, is amended to read:

Subd. 2a. **Failure to ~~send to registrar~~ submit within ten days.** Any person who fails to mail in the application for registration or transfer with appropriate taxes and fees to the registrar or a deputy registrar ~~of motor vehicles,~~ or otherwise fails to submit ~~said~~ the forms and remittance ~~to the registrar,~~ within ten days following date of sale ~~shall be~~ is guilty of a misdemeanor.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 18. Minnesota Statutes 2016, section 168.127, subdivision 4, is amended to read:

Subd. 4. **Filing registration applications.** Initial fleet applications for registration and renewals must be filed with the registrar or ~~authorized~~ a deputy registrar.

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EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 19. Minnesota Statutes 2016, section 168.127, subdivision 6, is amended to read:

Subd. 6. **Fee.** ~~Instead of the filing fee described in section 168.33, subdivision 7,~~ For each vehicle in the fleet, the applicant for fleet registration ~~shall~~ must pay:

(1) the filing fee in section 168.33, subdivision 7, for transactions processed by a deputy registrar; or

(2) an ~~equivalent~~ administrative fee ~~to the commissioner for each vehicle in the fleet.~~ for transactions processed by the registrar, which is imposed in lieu of but in the same amount as the filing fee in section 168.33, subdivision 7.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 20. Minnesota Statutes 2016, section 168.27, is amended by adding a subdivision to read:

Subd. 32. **Multiple licenses.** If a single legal entity holds more than one new or used vehicle dealer license, new and used vehicles owned by the entity may be held and offered for sale at any of the licensed dealership locations without assigning vehicle ownership or title from one licensee to another. This subdivision does not authorize the sale or offering for sale of new vehicles by a licensee that is not authorized by the manufacturer to sell that make of new vehicles.

Sec. 21. Minnesota Statutes 2016, section 168.27, is amended by adding a subdivision to read:

Subd. 33. **Designated dealer title and registration liaison.** The registrar must designate by name and provide contact information for one or more department employees as needed to (1) promptly and effectively respond to questions from licensed dealers, and (2) troubleshoot dealer issues related to vehicle titling and registration.

Sec. 22. Minnesota Statutes 2016, section 168.301, subdivision 3, is amended to read:

Subd. 3. **Late fee.** In addition to any fee or tax otherwise authorized or imposed upon the transfer of title for a motor vehicle, the ~~commissioner of public safety shall~~ registrar must impose a $2 additional fee for failure to deliver a title transfer within ten business days. This subdivision does not apply to transfers from licensed vehicle dealers.

Sec. 23. Minnesota Statutes 2016, section 168.326, is amended to read:

168.326 EXPEDITED DRIVER AND VEHICLE SERVICES; FEE.

(a) When an applicant requests and pays an expedited service fee of $20, in addition to other specified and statutorily mandated fees and taxes, the ~~commissioner~~ registrar or, if appropriate, a driver's license agent or deputy registrar, shall expedite the processing of an application for a driver's license, driving instruction permit, Minnesota identification card, or vehicle title transaction.

(b) A driver's license agent or deputy registrar may retain $10 of the expedited service fee for each expedited service request processed by the licensing agent or deputy registrar.

(c) When expedited service is requested, materials must be mailed or delivered to the requester within three days of receipt of the expedited service fee excluding Saturdays, Sundays, or the holidays listed in section 645.44, subdivision 5. The requester ~~shall~~ must comply with all relevant requirements of the requested document.

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(d) The ~~commissioner~~ registrar may decline to accept an expedited service request if it is apparent at the time it is made that the request cannot be granted. The commissioner must not decline an expedited service request and must not prevent a driver's license agent or deputy from accepting an expedited service request solely on the basis of limitations of the driver and vehicle services information technology system.

(e) The expedited service fees collected under this section for an application for a driver's license, driving instruction permit, or Minnesota identification card minus any portion retained by a licensing agent or deputy registrar under paragraph (b) must be paid into the driver services operating account in the special revenue fund specified under section 299A.705.

(f) The expedited service fees collected under this section for a transaction for a vehicle service minus any portion retained by a licensing agent or deputy registrar under paragraph (b) must be paid into the vehicle services operating account in the special revenue fund specified under section 299A.705.

EFFECTIVE DATE. This section is effective November 1, 2019.

Sec. 24. Minnesota Statutes 2016, section 168.33, subdivision 8a, is amended to read:

Subd. 8a. **Electronic transmission.** (a) If the commissioner accepts electronic transmission of a motor vehicle transfer and registration by a new or used motor vehicle dealer, a deputy registrar who is equipped with electronic transmission technology and trained in its use shall receive the filing fee provided for in subdivision 7 and review the transfer of each new or used motor vehicle to determine its genuineness and regularity before issuance of a certificate of title, and shall receive and retain the filing fee under subdivision 7, paragraph (a), clause ~~(ii)~~ (2).

(b) The commissioner must establish reasonable performance, security, technical, and financial standards to approve companies that provide computer software and services to motor vehicle dealers to electronically transmit vehicle title transfer and registration information. An approved company must be offered access to department facilities, staff, and technology on a fair and reasonable basis.

Sec. 25. Minnesota Statutes 2016, section 168.33, is amended by adding a subdivision to read:

Subd. 8b. **Transactions by mail.** A deputy registrar may receive motor vehicle applications and submissions under this chapter and chapter 168A by mail, process the transactions, and retain the appropriate filing fee under subdivision 7.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 26. Minnesota Statutes 2016, section 168.345, subdivision 2, is amended to read:

Subd. 2. **Lessees; information.** The commissioner may not furnish information about registered owners of passenger automobiles who are lessees under a lease for a term of 180 days or more to any person except the personnel of law enforcement agencies ~~and~~, trade associations performing a member service under section 604.15, subdivision 4a, federal, state, and local governmental units, and, at the commissioner's discretion, to persons who use the information to notify lessees of automobile recalls. The commissioner may release information about lessees in the form of summary data, as defined in section 13.02, to persons who use the information in conducting statistical analysis and market research.

Sec. 27. Minnesota Statutes 2016, section 168.346, subdivision 1, is amended to read:

Subdivision 1. **Vehicle registration data; federal compliance.** (a) Data on an individual provided to register a vehicle shall be treated as provided by United States Code, title 18, section 2721, as in effect on May 23, 2005, and shall be disclosed as required or permitted by that section. The commissioner is prohibited

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from restricting the uses for which a licensed dealer may obtain data as permitted by United States Code, title 18, section 2721, subsections (b)(2), (3), (7), and (13). The commissioner shall disclose the data in bulk form to an authorized recipient upon request for any of the permissible uses described in United States Code, title 18, section 2721.

(b) The registered owner of a vehicle who is an individual may consent in writing to the commissioner to disclose the individual's personal information exempted by United States Code, title 18, section 2721, to any person who makes a written request for the personal information. If the registered owner is an individual and so authorizes disclosure, the commissioner shall implement the request.

(c) If authorized by the registered owner as indicated in paragraph (b), the registered owner's personal information may be used, rented, or sold solely for bulk distribution by organizations for business purposes including surveys, marketing, or solicitation.

Sec. 28. Minnesota Statutes 2016, section 168A.02, subdivision 1, is amended to read:

Subdivision 1. **Application for certificate of title.** (a) Except as provided in section 168A.03, every owner of a vehicle which is in this state and for which no currently effective certificate of title has been issued in this state ~~shall make application~~ must apply to the department for a certificate of title of the vehicle, pursuant to rules adopted by the department under section 168A.24, subdivision 2, clause ~~3~~ (3).

(b) A decommissioned military vehicle that (1) was also manufactured and sold as a comparable civilian vehicle, and (2) has the same size dimensions and vehicle weight as the comparable civilian vehicle, is eligible for a certificate of title under this chapter.

Sec. 29. Minnesota Statutes 2016, section 168A.12, subdivision 2, is amended to read:

Subd. 2. **Owner's interest terminated or vehicle sold by secured party.** If the interest of the owner is terminated or the vehicle is sold under a security agreement by a secured party named in the certificate of title or an assignee of the secured party, the transferee ~~shall~~ must promptly mail or deliver to the department the last certificate of title, if available, an application for a new certificate in the format the department prescribes, and an affidavit made by or on behalf of the secured party or assignee that the interest of the owner was lawfully terminated or the vehicle sold pursuant to the terms of the security agreement. If the secured party or assignee succeeds to the interest of the owner and holds the vehicle for resale, the secured party or assignee need not secure a new certificate of title; provided that a notice thereof in a format designated by the department is mailed or delivered by the secured party or assignee to the department in duplicate within 48 hours, but upon transfer to another person the secured party or assignee shall promptly execute assignment and warranty of title and mail or deliver to the transferee or the department the certificate, if available, the affidavit, and other documents required to be sent to the department by the transferee.

Sec. 30. Minnesota Statutes 2016, section 168A.151, subdivision 1, is amended to read:

Subdivision 1. **Salvage titles.** (a) When an insurer, licensed to conduct business in Minnesota, acquires ownership of a ~~late-model or high-value~~ vehicle through payment of damages, the insurer ~~shall~~ must immediately apply for a salvage certificate of title or ~~shall~~ must stamp the existing certificate of title with the legend "SALVAGE CERTIFICATE OF TITLE" in a manner prescribed by the department. Within ten days of obtaining the title of a vehicle through payment of damages, an insurer must notify the department in a manner prescribed by the department.

(b) A person ~~shall~~ must immediately apply for a salvage certificate of title if the person acquires a damaged ~~late-model or high-value~~ vehicle with an out-of-state title and the vehicle:

(1) is a vehicle that was acquired by an insurer through payment of damages;

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(2) is a vehicle for which the cost of repairs exceeds the value of the damaged vehicle; or

(3) has an out-of-state salvage certificate of title as proof of ownership.

(c) A self-insured owner of a ~~late-model or high-value~~ vehicle that sustains damage by collision or other occurrence which exceeds 80 percent of its actual cash value ~~shall~~ must immediately apply for a salvage certificate of title.

Sec. 31. Minnesota Statutes 2016, section 168A.17, is amended by adding a subdivision to read:

Subd. 4. **Notice of perfection by dealer.** When a security interest in a vehicle sold by a dealer licensed under section 168.27 is perfected under subdivision 2, the dealer may provide a statement of perfection to the secured party on a form provided by the department. The statement must certify compliance with subdivision 2 and contain the date of delivery to the department. The information provided in the dealer's statement is considered prima facie evidence of the facts contained in it.

Sec. 32. **[168A.241] MOTOR VEHICLE TITLE AND REGISTRATION ADVISORY COMMITTEE.**

Subdivision 1. **Members.** (a) The Motor Vehicle Title and Registration Advisory Committee consists of the following 13 members:

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

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

(3) one representative from the Minnesota Deputy Registrar's Association;

(4) one representative from the Minnesota Automobile Dealers Association;

(5) one representative from the Northland Independent Automobile Dealers Association;

(6) one staff member from the Department of Public Safety Driver and Vehicle Services Division;

(7) two representatives from deputy registrars, appointed by the commissioner;

(8) two representatives from dealers licensed under section 168.27, appointed by the commissioner; and

(9) one representative who performs auctions exclusively for dealers licensed under section 168.27 and not for the general public, appointed by the commissioner following consultation with eligible auto auction businesses.

(b) Section 15.059 governs the Motor Vehicle Title and Registration Advisory Committee, except that committee members must not receive compensation for serving on the advisory committee.

Subd. 2. **Organization.** (a) The members of the advisory committee must annually elect a chair and other officers as the members deem necessary.

(b) The advisory committee must meet at least two times per year.

Subd. 3. **Open meetings.** The advisory committee is subject to chapter 13D. An advisory committee meeting occurs when a quorum is present and the members receive information, discuss, or take action on any matter relating to the advisory committee's duties. The advisory committee may conduct meetings as provided in section 13D.015 or 13D.02. The advisory committee may conduct meetings at any location in the state that is appropriate for the purposes of the advisory committee, provided the location is open and accessible to the public. For legislative members of the advisory committee, enforcement of this subdivision

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is governed by section 3.055, subdivision 2. For nonlegislative members of the advisory committee, enforcement of this subdivision is governed by section 13D.06, subdivisions 1 and 2.

Subd. 4. **Staff.** The commissioner must provide support staff, office space, and administrative services to the advisory committee.

Subd. 5. **Duties.** The advisory committee's duties include but are not limited to:

(1) serving in an advisory capacity to the commissioner of public safety and the director of driver and vehicle services on matters relevant to:

(i) effective and efficient systems relating to the ownership, transfer, and registration of motor vehicles; and

(ii) planning and implementing future changes and enhancements to vehicle registration systems; and

(2) reviewing and making recommendations with respect to work plans, policy initiatives, major activities, and strategic planning.

Subd. 6. **Report and recommendations.** By February 15 each year, the commissioner must prepare and submit to the chairs and ranking minority members of the committees of the house of representatives and the senate with jurisdiction over motor vehicle title and registration a report that summarizes the advisory committee's activities, issues identified by the advisory committee, methods taken to address the issues, and recommendations for legislative action, if needed.

Subd. 7. **Expiration.** The advisory committee expires June 30, 2021.

EFFECTIVE DATE; APPLICATION. This section is effective July 1, 2018. The initial report under subdivision 6 must be submitted on or before February 15, 2019.

Sec. 33. Minnesota Statutes 2016, section 168A.29, subdivision 1, is amended to read:

Subdivision 1. **Amounts.** (a) The department must be paid the following fees:

(1) for filing an application for and the issuance of an original certificate of title, ~~the sum of:~~

~~(i) until December 31, 2016, $6.25 of which $3.25 must be paid into the vehicle services operating account of the special revenue fund under section 299A.705, and from July 1, 2012, to June 30, 2016, a surcharge of $1 must be added to the fee and credited to the driver and vehicle services technology account; and~~

~~(ii) on and after January 1, 2017,~~ $8.25, of which $4.15 must be paid into the vehicle services operating account under section 299A.705;

(2) for each security interest when first noted upon a certificate of title, including the concurrent notation of any assignment thereof and its subsequent release or satisfaction, ~~the sum of~~ $2, except that no fee is due for a security interest filed by a public authority under section 168A.05, subdivision 8;

~~(3) until December 31, 2016, for the transfer of the interest of an owner and the issuance of a new certificate of title, the sum of $5.50 of which $2.50 must be paid into the vehicle services operating account of the special revenue fund under section 299A.705, and from July 1, 2012, to June 30, 2016, a surcharge of $1 must be added to the fee and credited to the driver and vehicle services technology account;~~

~~(4)~~ (3) for each assignment of a security interest when first noted on a certificate of title, unless noted concurrently with the security interest, ~~the sum of~~ $1; and

~~(5)~~ (4) for issuing a duplicate certificate of title, ~~the sum of~~ $7.25, of which $3.25 must be paid into the vehicle services operating account ~~of the special revenue fund~~ under section 299A.705~~; from July 1, 2012,~~

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~~to June 30, 2016, a surcharge of $1 must be added to the fee and credited to the driver and vehicle services technology account~~.

(b) In addition to the fee required under paragraph (a), clause (1), the department must be paid $3.50. The additional $3.50 fee collected under this paragraph must be deposited in the special revenue fund and credited to the public safety motor vehicle account established in section 299A.70.

Sec. 34. Minnesota Statutes 2016, section 169.011, subdivision 5, is amended to read:

Subd. 5. **Bicycle lane.** "Bicycle lane" means a portion of a roadway ~~or shoulder~~ designed for exclusive or preferential use by persons using bicycles. Bicycle lanes are to be distinguished from the portion of the roadway ~~or shoulder~~ used for motor vehicle traffic by physical barrier, striping, marking, or other similar device.

Sec. 35. Minnesota Statutes 2016, section 169.011, subdivision 9, is amended to read:

Subd. 9. **Bikeway.** "Bikeway" means a bicycle lane, bicycle path, ~~or~~ bicycle route, shared use path, or similar bicycle facility, regardless of whether it is designed for the exclusive use of bicycles or ~~is to be~~ for shared use with other transportation modes.

Sec. 36. Minnesota Statutes 2016, section 169.011, subdivision 60, is amended to read:

Subd. 60. **Railroad train.** "Railroad train" means a steam engine, electric or other motor, with or without cars coupled thereto, operated upon rails, except streetcars. Railroad train includes on-track equipment or other rolling stock operated upon rails, whether self-propelled or coupled to another device, if the on-track equipment or rolling stock activates grade crossing warning signals or gates when signals are present.

Sec. 37. Minnesota Statutes 2016, section 169.14, subdivision 5, is amended to read:

Subd. 5. **Zoning within local area.** (a) When local authorities believe that the existing speed limit upon any street or highway, or part thereof, within their respective jurisdictions and not a part of the trunk highway system is greater or less than is reasonable or safe under existing conditions, they may request the commissioner to authorize, upon the basis of an engineering and traffic investigation, the erection of appropriate signs designating what speed is reasonable and safe, and the commissioner may authorize the erection of appropriate signs designating a reasonable and safe speed limit thereat, which speed limit shall be effective when such signs are erected. Any speeds in excess of these speed limits shall be prima facie evidence that the speed is not reasonable or prudent and that it is unlawful; except that any speed limit within any municipality shall be a maximum limit and any speed in excess thereof shall be unlawful. Alteration of speed limits on streets and highways shall be made only upon authority of the commissioner except as provided in subdivision 5a.

(b) At the request of a county board, the commissioner may establish a speed limit in excess of 55 miles per hour on a county road or county state-aid highway upon the basis of an engineering and traffic investigation. The county engineer must erect appropriate signs and the increased speed limit is effective when the signs are erected.

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

Sec. 38. Minnesota Statutes 2016, section 169.18, subdivision 3, is amended to read:

Subd. 3. **Passing.** ~~The following rules shall govern the overtaking and passing of vehicles proceeding in the same direction, subject to the limitations, exceptions, and special rules hereinafter stated:~~

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~~(1)~~ (a) The driver of a vehicle overtaking another vehicle proceeding in the same direction ~~shall~~ must pass to the left ~~thereof~~ of the other vehicle at a safe distance and ~~shall not again drive~~ is prohibited from returning to the right side of the roadway until safely clear of the overtaken vehicle~~;~~.

~~(2)~~ (b) Except when overtaking and passing on the right is permitted, the driver of an overtaken vehicle ~~shall~~ must give way to the right in favor of the overtaking vehicle ~~on audible warning,~~ and ~~shall~~ must not increase ~~the~~ speed ~~of the overtaken vehicle~~ until completely passed by the overtaking vehicle~~; and~~.

~~(3)~~ (c) The operator of a motor vehicle overtaking a bicycle or individual proceeding in the same direction on the roadway ~~shall leave~~ or shoulder must:

(1) either (i) maintain a safe clearance distance while passing, but in no case less than three feet ~~clearance, when passing the bicycle or individual~~ or one-half the width of the motor vehicle, whichever is greater; or (ii) completely enter another lane of the roadway while passing; and ~~shall~~

(2) maintain clearance until the motor vehicle has safely ~~past~~ passed the overtaken bicycle or individual.

Sec. 39. Minnesota Statutes 2017 Supplement, section 169.18, subdivision 7, is amended to read:

Subd. 7. **Laned highway.** When any roadway has been divided into two or more clearly marked lanes for traffic, the following rules, in addition to all others consistent ~~herewith~~ with this subdivision, ~~shall~~ apply:

~~(a)~~ (1) a vehicle shall be driven as nearly as practicable entirely within a single lane and ~~shall~~ must not be moved from ~~such~~ the lane until the driver has first ascertained that ~~such~~ the movement can be made with safety~~.~~;

~~(b)~~ (2) upon a roadway which is not a one-way roadway and which is divided into three lanes, a vehicle ~~shall~~ must not be driven in the center lane except when overtaking and passing another vehicle where the roadway is clearly visible and ~~such~~ the center lane is clear of traffic within a safe distance, or in preparation for a left turn or where ~~such~~ the center lane is at the time allocated exclusively to traffic moving in the direction the vehicle is proceeding, and is signposted to give notice of ~~such~~ the allocation. The left lane of a three-lane roadway which is not a one-way roadway ~~shall~~ must not be used for overtaking and passing another vehicle~~.~~;

~~(c)~~ (3) official signs may be erected directing slow-moving traffic to use a designated lane or allocating specified lanes to traffic moving in the same direction, and drivers of vehicles ~~shall~~ must obey the ~~directions of every such~~ sign~~.~~;

~~(d)~~ (4) whenever a bicycle lane has been established on a roadway, any person operating a motor vehicle on ~~such~~ the roadway ~~shall~~ must not drive in the bicycle lane except to perform parking maneuvers in order to park where parking is permitted, to enter or leave the highway, to prepare for a turn as provided in section 169.19, subdivision 1, or to stop a school bus for the purpose of receiving or discharging any person provided the school bus is equipped and identified as provided in sections 169.441 and 169.442, subdivision 1, and the flashing red signals are activated and stop-signal arm is extended~~.~~; and

(5) notwithstanding clause (1), the operator of a vehicle or combination of vehicles with a total length exceeding 40 feet or a total width exceeding ten feet may, with due regard for all other traffic, deviate from the lane in which the operator is driving to the extent necessary to approach and drive through a roundabout.

Sec. 40. Minnesota Statutes 2016, section 169.18, subdivision 10, is amended to read:

Subd. 10. **Slow-moving vehicle.** ~~Upon all roadways any~~ (a) A person operating a vehicle ~~proceeding~~ at less than the ~~normal~~ speed of traffic ~~at the time and place and~~ under the existing conditions ~~then existing shall be driven~~ must drive in the right-hand lane ~~then available for traffic,~~ or as close as practicable to the

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right-hand curb or edge of the roadway~~, except when~~. A person who violates this paragraph must pay a fine of not less than $100.

(b) Paragraph (a) does not apply if:

(1) the vehicle is overtaking and passing another vehicle proceeding in the same direction~~, or when~~;

(2) the vehicle is preparing ~~for a left~~ to turn left at an intersection or into a private road or driveway~~, or when~~;

(3) a specific lane is designated and posted for a specific type of traffic~~.~~; or

(4) the vehicle is preparing to exit a controlled access highway by using an exit on the left side of the road.

Sec. 41. Minnesota Statutes 2016, section 169.18, subdivision 11, is amended to read:

Subd. 11. **Passing parked emergency vehicle; citation; probable cause.** (a) When approaching and before passing an authorized emergency vehicle with its emergency lights activated that is parked or otherwise stopped on or next to a street or highway having two lanes in the same direction, the driver of a vehicle shall safely move the vehicle to the lane farthest away from the emergency vehicle, if it is possible to do so. If a lane change under this paragraph is impossible, the driver of the vehicle must reduce the speed of the motor vehicle to a speed that is reasonable and prudent under the conditions until the motor vehicle has completely passed the parked or stopped emergency vehicle, if it is possible to do so.

(b) When approaching and before passing an authorized emergency vehicle with its emergency lights activated that is parked or otherwise stopped on or next to a street or highway having more than two lanes in the same direction, the driver of a vehicle shall safely move the vehicle so as to leave a full lane vacant between the driver and any lane in which the emergency vehicle is completely or partially parked or otherwise stopped, if it is possible to do so. If a lane change under this paragraph is impossible, the driver of the vehicle must reduce the speed of the motor vehicle to a speed that is reasonable and prudent under the conditions until the motor vehicle has completely passed the parked or stopped emergency vehicle, if it is possible to do so.

(c) When approaching and before passing an authorized emergency vehicle with its emergency lights activated that is parked or otherwise stopped on or next to a street or highway having only one lane in the same direction, the driver of the vehicle must reduce the speed of the motor vehicle to a speed that is reasonable and prudent under the conditions until the motor vehicle has completely passed the parked or stopped emergency vehicle, if it is possible to do so.

~~(c)~~ (d) A peace officer may issue a citation to the driver of a motor vehicle if the peace officer has probable cause to believe that the driver has operated the vehicle in violation of this subdivision within the four-hour period following the termination of the incident or a receipt of a report under paragraph ~~(d)~~ (e). The citation may be issued even though the violation was not committed in the presence of the peace officer.

~~(d)~~ (e) Although probable cause may be otherwise satisfied by other evidentiary elements or factors, probable cause is sufficient for purposes of this subdivision when the person cited is operating the vehicle described by a member of the crew of an authorized emergency vehicle responding to an incident in a timely report of the violation of this subdivision, which includes a description of the vehicle used to commit the offense and the vehicle's license plate number. For the purposes of issuance of a citation under paragraph ~~(c)~~ (d), "timely" means that the report must be made within a four-hour period following the termination of the incident.

~~(e)~~ (f) For purposes of paragraphs (a) ~~and (b)~~ to (c) only, ~~the terms~~ "authorized emergency vehicle" and "emergency vehicle" include a towing vehicle defined in section 168B.011, subdivision 12a, that has activated

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flashing lights authorized under section 169.64, subdivision 3, in addition to the vehicles described in the definition for "authorized emergency vehicle" in section 169.011, subdivision 3.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to offenses committed on or after that date.

Sec. 42. Minnesota Statutes 2016, section 169.18, subdivision 12, is amended to read:

Subd. 12. **Passing certain parked vehicles.** (a) When approaching and before passing a freeway service patrol vehicle, road maintenance vehicle, utility company vehicle, or construction vehicle with its warning lights activated that is parked or otherwise stopped on or next to a street or highway having two lanes in the same direction, the driver of a vehicle shall safely move the vehicle to the lane farthest away from the parked or stopped vehicle, if it is possible to do so. If a lane change under this paragraph is impossible, the driver of the vehicle must reduce the speed of the motor vehicle to a speed that is reasonable and prudent under the conditions until the motor vehicle has completely passed the parked or stopped freeway service patrol vehicle, road maintenance vehicle, utility company vehicle, or construction vehicle, if it is possible to do so.

(b) When approaching and before passing a freeway service patrol vehicle, road maintenance vehicle, utility company vehicle, or construction vehicle with its warning lights activated that is parked or otherwise stopped on or next to a street or highway having more than two lanes in the same direction, the driver of a vehicle shall safely move the vehicle so as to leave a full lane vacant between the driver and any lane in which the vehicle is completely or partially parked or otherwise stopped, if it is possible to do so. If a lane change under this paragraph is impossible, the driver of the vehicle must reduce the speed of the motor vehicle to a speed that is reasonable and prudent under the conditions until the motor vehicle has completely passed the parked or stopped freeway service patrol vehicle, road maintenance vehicle, utility company vehicle, or construction vehicle, if it is possible to do so.

(c) When approaching and before passing a freeway service patrol vehicle, road maintenance vehicle, utility company vehicle, or construction vehicle with its warning lights activated that is parked or otherwise stopped on or next to a street or highway having only one lane in the same direction, the driver of the vehicle must reduce the speed of the motor vehicle to a speed that is reasonable and prudent under the conditions until the motor vehicle has completely passed the parked or stopped freeway service patrol vehicle, road maintenance vehicle, utility company vehicle, or construction vehicle, if it is possible to do so.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to offenses committed on or after that date.

Sec. 43. Minnesota Statutes 2016, section 169.20, is amended by adding a subdivision to read:

Subd. 8. **Roundabouts.** If two vehicles or combinations of vehicles each having a total length exceeding 40 feet or a total width exceeding ten feet approach or drive through a roundabout at approximately the same time or so closely as to constitute a hazard of collision, the operator of the vehicle or combination of vehicles on the right must yield the right-of-way to the vehicle or combination of vehicles on the left and, if necessary, must reduce speed or stop in order to so yield.

Sec. 44. Minnesota Statutes 2016, section 169.222, subdivision 1, is amended to read:

Subdivision 1. **Traffic laws apply.** (a) Every person operating a bicycle ~~shall have~~ has all of the rights and duties applicable to the driver of any other vehicle by this chapter, except in respect to those provisions in this chapter relating expressly to bicycles and in respect to those provisions of this chapter which by their nature cannot reasonably be applied to bicycles. This subdivision applies to a bicycle operating on the shoulder of a roadway.

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(b) A person lawfully operating a bicycle (1) on a sidewalk, or (2) across a roadway or shoulder on a crosswalk, has all the rights and duties applicable to a pedestrian under the same circumstances.

Sec. 45. Minnesota Statutes 2016, section 169.222, subdivision 4, is amended to read:

Subd. 4. **Riding rules.** (a) Every person operating a bicycle ~~upon a roadway shall~~ on a road must ride as close ~~as practicable~~ to the right-hand curb or edge of the ~~roadway except under any of the following situations~~ road as the bicycle operator determines is safe. A person operating a bicycle is not required to ride as close to the right-hand curb when:

(1) ~~when~~ overtaking and passing another vehicle proceeding in the same direction;

(2) ~~when~~ preparing for a left turn at an intersection or into a private road or driveway;

(3) ~~when~~ reasonably necessary to avoid conditions that make it unsafe to continue along the right-hand curb or edge, including fixed or moving objects, vehicles, pedestrians, animals, surface hazards, or narrow width lanes~~, that make it unsafe to continue along the right-hand curb or edge~~; ~~or~~

(4) ~~when~~ operating on the shoulder of a roadway or in a bicycle lane; or

(5) operating in a right-hand turn lane before entering an intersection.

(b) If a bicycle is traveling on a shoulder of a roadway, the bicycle ~~shall~~ operator must travel in the same direction as adjacent vehicular traffic.

(c) Persons riding bicycles upon a roadway or shoulder ~~shall~~ must not ride more than two abreast and ~~shall~~ must not impede the normal and reasonable movement of traffic and, on a laned roadway, shall ride within a single lane.

(d) A person operating a bicycle upon a sidewalk, or across a roadway or shoulder on a crosswalk, ~~shall~~ must yield the right-of-way to any pedestrian and ~~shall~~ give an audible signal when necessary before overtaking and passing any pedestrian. ~~No~~ A person ~~shall~~ must not ride a bicycle upon a sidewalk within a business district unless permitted by local authorities. Local authorities may prohibit the operation of bicycles on any sidewalk or crosswalk under their jurisdiction.

(e) An individual operating a bicycle or other vehicle on a bikeway ~~shall~~ must leave a safe distance when overtaking a bicycle or individual proceeding in the same direction on the bikeway, and shall maintain clearance until safely past the overtaken bicycle or individual.

~~(f) A person lawfully operating a bicycle on a sidewalk, or across a roadway or shoulder on a crosswalk, shall have all the rights and duties applicable to a pedestrian under the same circumstances.~~

~~(g)~~ (f) A person may operate an electric-assisted bicycle on the shoulder of a roadway, on a bikeway, or on a bicycle trail if not otherwise prohibited under section 85.015, subdivision 1d; 85.018, subdivision 2, paragraph (d); or 160.263, subdivision 2, paragraph (b), as applicable.

(g) Notwithstanding section 169.06, subdivision 4, a bicycle operator may cross an intersection proceeding from a dedicated right-hand turn lane without turning right.

Sec. 46. Minnesota Statutes 2016, section 169.26, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** (a) Except as provided in section 169.28, subdivision 1, when any person driving a vehicle approaches a railroad grade crossing under any of the circumstances stated in this paragraph, the driver ~~shall~~ must stop the vehicle not less than ten feet from the nearest railroad track and shall not proceed until safe to do so and until the roadway is clear of traffic so that the vehicle can proceed without

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stopping until the rear of the vehicle is at least ten feet past the farthest railroad track. These requirements apply when:

(1) a clearly visible electric or mechanical signal device warns of the immediate approach of a railroad train; or

(2) an approaching railroad train is plainly visible and is in hazardous proximity.

(b) The fact that a moving railroad train approaching a railroad grade crossing is visible from the crossing is prima facie evidence that it is not safe to proceed.

(c) The driver of a vehicle ~~shall~~ must stop and remain stopped and not traverse the grade crossing when a human flagger signals the approach or passage of a railroad train or when a crossing gate is lowered warning of the immediate approach or passage of a railroad train. No person may drive a vehicle past a flagger at a railroad crossing until the flagger signals that the way is clear to proceed or drive a vehicle past a lowered crossing gate.

Sec. 47. Minnesota Statutes 2016, section 169.28, is amended to read:

169.28 CERTAIN VEHICLES TO STOP AT RAILROAD CROSSING.

Subdivision 1. **Requirements.** (a) The driver of any motor vehicle carrying passengers for hire, or of any school bus whether carrying passengers or not, or of any Head Start bus whether carrying passengers or not, or of any vehicle that is required to stop at railroad grade crossings under Code of Federal Regulations, title 49, section 392.10, before crossing at grade any track or tracks of a railroad, ~~shall~~ must stop the vehicle not less than 15 feet nor more than 50 feet from the nearest rail of the railroad and while ~~so~~ stopped ~~shall~~ must listen and look in both directions along the track for any approaching railroad train, and for signals indicating the approach of a railroad train, except as ~~hereinafter~~ otherwise provided~~, and shall~~ in this section. The driver must not proceed until safe to do so and until the roadway is clear of traffic so that the vehicle can proceed without stopping until the rear of the vehicle is at least ten feet past the farthest railroad track. The driver must not shift gears while crossing the railroad tracks.

(b) A school bus or Head Start bus ~~shall~~ must not be flagged across railroad grade crossings except at those railroad grade crossings that the local school administrative officer may designate.

(c) A type III vehicle, as defined in section 169.011, is exempt from the requirement of school buses to stop at railroad grade crossings.

(d) The requirements of this subdivision do not apply to the crossing of light rail vehicle track or tracks that are located in a public street when:

(1) the crossing occurs within the intersection of two or more public streets;

(2) the intersection is controlled by a traffic-control signal; and

(3) the intersection is marked with signs indicating to drivers that the requirements of this subdivision do not apply. Notwithstanding any other provision of law, the owner or operator of the track or tracks is authorized to place, maintain, and display the signs upon and in the view of the public street or streets.

Subd. 2. **Exempt crossing.** (a) The commissioner may designate a crossing as an exempt crossing:

(1) if the crossing is on a rail line on which service has been abandoned;

(2) if the crossing is on a rail line that carries fewer than five trains each year, traveling at speeds of ten miles per hour or less; or

(3) as agreed to by the operating railroad and the Department of Transportation, following a diagnostic review of the crossing.

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(b) The commissioner ~~shall~~ must direct the railroad to erect at the crossing signs bearing the word "Exempt" that conform to section 169.06. The installation or presence of an exempt sign does not relieve a driver of the duty to use due care.

(c) A railroad train must not proceed across an exempt crossing unless a police officer is present to direct traffic or a railroad employee is on the ground to warn traffic until the railroad train enters the crossing.

~~(c)~~ (d) A vehicle that must stop at grade crossings under subdivision 1 is not required to stop at a marked exempt crossing unless directed otherwise by a police officer or a railroad employee.

Sec. 48. Minnesota Statutes 2016, section 169.29, is amended to read:

169.29 CROSSING RAILROAD TRACKS WITH CERTAIN EQUIPMENT.

(a) ~~No~~ A person ~~shall~~ must not operate or move any caterpillar tractor, steam shovel, derrick, roller, or any equipment or structure having a normal operating speed of six or less miles per hour or a vertical body or load clearance of less than nine inches above the level surface of a roadway upon or across any tracks at a railroad grade crossing without first complying with this section.

(b) Before making any crossing, the person operating or moving any vehicle or equipment set forth in this section ~~shall~~ must first stop the same not less than ten, nor more than 50, feet from the nearest rail of the railway, and while ~~so~~ stopped ~~shall~~ must listen and look in both directions along the track for any approaching railroad train and for signals indicating the approach of a railroad train, and ~~shall~~ must not proceed until the crossing can be made safely.

(c) ~~No~~ A crossing ~~shall~~ must not be made when warning is given by automatic signal or crossing gates or a flagger or otherwise of the immediate approach of a railroad train or car.

(d) ~~No~~ A stop ~~need be made~~ is not required at a crossing on a rail line on which service has been abandoned and where a sign erected in conformance with section 169.06 and bearing the word "Exempt" has been installed, unless directed otherwise by a flagger. The installation or presence of an exempt sign shall not relieve any driver of the duty to use due care.

Sec. 49. Minnesota Statutes 2017 Supplement, section 169.442, subdivision 5, is amended to read:

Subd. 5. **White strobe lamps on certain buses transporting children.** ~~Notwithstanding section 169.55, subdivision 1, or 169.57, subdivision 3, paragraph (b), or other law to the contrary,~~ A school bus ~~that is subject to and complies with the equipment requirements of subdivision 1 and section 169.441, subdivision 1,~~ or a Head Start bus~~,~~ may be equipped with a flashing strobe lamp under section 169.64, subdivision 8.

Sec. 50. Minnesota Statutes 2016, section 169.442, is amended by adding a subdivision to read:

Subd. 6. **Supplemental warning system.** In addition to the signals required under subdivision 1, a type A, B, C, or D school bus may be equipped with a supplemental warning system under section 169.4503, subdivision 31.

Sec. 51. Minnesota Statutes 2016, section 169.448, subdivision 1, is amended to read:

Subdivision 1. **Restrictions on appearance; misdemeanor.** (a) A bus that is not used as a school bus ~~may~~ must not be operated on a street or highway unless it is painted a color significantly different than national school bus glossy yellow.

(b) A bus that is not used as a school bus or Head Start bus may not be operated if it is equipped with school bus or Head Start bus-related equipment and printing.

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(c) A violation of this subdivision is a misdemeanor.

(d) This subdivision does not apply to a school bus owned by or under contract to a school district operated as a charter or leased bus.

(e) This subdivision does not apply to a school bus operated by a licensed child care provider if:

(1) the ~~stop~~ stop-signal arm is removed;

(2) the ~~eight-light system is~~ lighting systems for prewarning flashing amber signals, flashing red signals, and supplemental warnings under section 169.4503, subdivision 31, are deactivated;

(3) the school bus is identified as a "child care bus" in letters at least eight inches high on the front and rear top of the bus;

(4) the name, address, and telephone number of the owner or operator of the bus is identified on each front door of the bus in letters not less than three inches high; and

(5) the conditions under section 171.02, subdivision 2a, paragraphs (a) ~~through~~ to (j)~~,~~ and (l), ~~and (n),~~ have been met.

Sec. 52. Minnesota Statutes 2016, section 169.4503, subdivision 5, is amended to read:

Subd. 5. **Colors.** Fenderettes may be black. The beltline may be painted yellow over black or black over yellow. The rub rails ~~shall~~ must be black or yellow. The area around the lenses of alternately flashing signal lamps extending outward from the edge of the lamp three inches, plus or minus one-quarter inch, to the sides and top and at least one inch to the bottom, ~~shall~~ must be black. Visors or hoods, black in color, with a minimum of four inches may be provided.

Sec. 53. Minnesota Statutes 2016, section 169.4503, subdivision 13, is amended to read:

Subd. 13. **Identification.** (a) Each bus ~~shall~~ must, in the beltline, identify the school district serviced, or company name, or owner of the bus. Numbers necessary for identification must appear on the sides and rear of the bus. Symbols or letters may be used on the outside of the bus near the entrance door for student identification. A manufacturer's nameplate or logo may be placed on the bus.

(b) ~~Effective December 31, 1994,~~ All type A, B, C, and D buses sold must display lettering "Unlawful to pass when red lights are flashing" on the rear of the bus. The lettering ~~shall~~ must be in two-inch black letters on school bus yellow background. This message ~~shall~~ must be displayed directly below the upper window of the rear door. On rear engine buses, it ~~shall~~ must be centered at approximately the same location. Only signs and lettering approved or required by state law ~~may~~ are permitted to be displayed.

(c) The requirements of paragraph (b) do not apply to a type A, B, C, or D school bus that is equipped with a changeable electronic message sign on the rear of the bus that:

(1) displays one or more of the messages: "Caution / stopping," "Unlawful to pass," "Stop / do not pass," or similar messages approved by the commissioner;

(2) displays messages in conjunction with bus operation and activation of prewarning flashing amber signals, flashing red signals, or stop-signal arm, as appropriate; and

(3) is a supplemental warning system under section 169.4503, subdivision 31.

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Sec. 54. Minnesota Statutes 2016, section 169.4503, is amended by adding a subdivision to read:

Subd. 31. **Supplemental warning system; temporary authority.** (a) Prior to August 1, 2021, the commissioner may approve a type A, B, C, or D school bus to be equipped with a supplemental warning system. On and after that date, a school bus may continue to be equipped with a previously approved supplemental warning system.

(b) To determine approval of a supplemental warning system, the commissioner must consider:

(1) signal colors, which are limited to one or more of the colors white, amber, and red;

(2) flashing patterns;

(3) vehicle mounting and placement;

(4) supplemental warning system activation in conjunction with activation of prewarning flashing amber signals, stop-signal arm, and flashing red signals;

(5) light intensity; and

(6) permissible text, signage, and graphics, if any.

(c) The commissioner must review relevant research findings and experience in other jurisdictions, and must consult with interested stakeholders, including but not limited to representatives from school district pupil transportation directors, private school bus operators, and pupil transportation and traffic safety associations.

Sec. 55. Minnesota Statutes 2016, section 169.475, subdivision 2, is amended to read:

Subd. 2. **Prohibition on use; penalty.** (a) ~~No~~ When a motor vehicle is in motion or a part of traffic, the person ~~may operate a motor~~ operating the vehicle ~~while~~ is prohibited from using a wireless communications device to compose, read, or send an electronic message~~, when the vehicle is in motion or a part of traffic~~.

(b) Except as provided in section 169.89, subdivision 1, clause (1) or (2), a person who violates this subdivision is guilty of a petty misdemeanor. A person who violates this subdivision within five years of the first of two or more prior violations of this subdivision is guilty of a misdemeanor.

(c) A court must require a person who violates ~~paragraph (a)~~ this subdivision to pay the following fine:

(1) for a first offense, a fine of $150;

(2) for a second or subsequent ~~time must pay~~ offense, a fine of ~~$225~~ $300~~, plus the amount specified in the uniform fine schedule established by the Judicial Council~~; or

(3) for an offense committed within five years of the first of two or more prior violations under this subdivision, a fine of $500.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 56. Minnesota Statutes 2016, section 169.55, subdivision 1, is amended to read:

Subdivision 1. **Lights or reflectors required.** At the times when lighted lamps on vehicles are required each vehicle including an animal-drawn vehicle and any vehicle specifically excepted in sections 169.47 to 169.79, with respect to equipment and not ~~hereinbefore specifically~~ previously required to be equipped with lamps, ~~shall~~ must be equipped with one or more lighted lamps or lanterns projecting a white light visible from a distance of 500 feet to the front of the vehicle and with a lamp or lantern exhibiting a red light visible

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from a distance of 500 feet to the rear, except that reflectors meeting the maximum requirements of this chapter may be used in lieu of the lights required in this subdivision. ~~It shall be unlawful except as otherwise provided in this subdivision, to project a white light to the rear of any such vehicle while traveling on any street or highway, unless such vehicle is moving in reverse. A lighting device mounted on top of a vehicle engaged in deliveries to residences may project a white light to the rear if the sign projects one or more additional colors to the rear. An authorized emergency vehicle may display an oscillating, alternating, or rotating white light used in connection with an oscillating, alternating, or rotating red light when responding to emergency calls.~~

Sec. 57. Minnesota Statutes 2016, section 169.57, subdivision 3, is amended to read:

Subd. 3. **Maintenance.** (a) When a vehicle is equipped with stop lamps or signal lamps, ~~such~~ the lamps ~~shall~~ must at all times be maintained in good working condition.

(b) ~~No stop lamps or signal lamp shall project a glaring or dazzling light.~~

~~(c)~~ All mechanical signal devices ~~shall~~ must be self-illumined when in use at the times when lighted lamps on vehicles are required.

Sec. 58. Minnesota Statutes 2016, section 169.64, subdivision 3, is amended to read:

Subd. 3. **Flashing lights; glaring lights.** (a) Flashing lights are prohibited, except:

(1) on an authorized emergency vehicle, school bus, bicycle as provided in section 169.222, subdivision 6, road maintenance equipment, tow truck or towing vehicle as provided in section 168B.16, service vehicle, farm tractor, self-propelled farm equipment, rural mail carrier vehicle, or funeral home vehicle~~, or~~;

(2) on any vehicle as a means of indicating a right or left turn, or the presence of a vehicular traffic hazard requiring unusual care in approaching, overtaking, or passing~~.~~; or

(3) as otherwise provided in this section.

(b) All flashing warning lights ~~shall~~ must be of the type authorized by section 169.59, subdivision 4, unless otherwise permitted or required in this chapter.

(c) A stop lamp or signal lamp is prohibited from projecting a glaring or dazzling light, except for:

(1) strobe lamps as provided under subdivision 8 or section 169.59, subdivision 4; or

(2) a school bus equipped with a supplemental warning system under section 169.4503, subdivision 31.

Sec. 59. Minnesota Statutes 2016, section 169.64, is amended by adding a subdivision to read:

Subd. 4a. **White light.** (a) It is unlawful to project a white light at the rear of a vehicle while traveling on any street or highway, except:

(1) for a vehicle moving in reverse;

(2) for a school bus equipped with a supplemental warning system under section 169.4503, subdivision 31;

(3) for a strobe lamp as provided under subdivision 8;

(4) as required for license plate illumination under section 169.50, subdivision 2;

(5) as provided in section 169.59, subdivision 4; and

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(6) as otherwise provided in this subdivision.

(b) A lighting device mounted on top of a vehicle engaged in deliveries to residences may project a white light to the rear if the sign projects one or more additional colors to the rear.

(c) An authorized emergency vehicle may display an oscillating, alternating, or rotating white light used in connection with an oscillating, alternating, or rotating red light when responding to emergency calls.

Sec. 60. Minnesota Statutes 2017 Supplement, section 169.64, subdivision 8, is amended to read:

Subd. 8. **Strobe lamp.** (a) Notwithstanding ~~sections 169.55, subdivision 1; 169.57, subdivision 3, paragraph (b); or~~ any other law to the contrary, a vehicle may be equipped with a 360-degree flashing strobe lamp that emits a white light with a flash rate of 60 to 120 flashes a minute, and the lamp may be used as provided in this subdivision, if the vehicle is:

(1) a school bus that is subject to and complies with the equipment requirements of ~~sections 169.441, subdivision 1, and~~ section 169.442, subdivision 1, or a Head Start bus. The lamp must operate from a separate switch containing an indicator lamp to show when the strobe lamp is in use; or

(2) a road maintenance vehicle owned or under contract to the Department of Transportation or a road authority of a county, home rule or statutory city, or town, but the strobe lamp may only be operated while the vehicle is actually engaged in snow removal during daylight hours.

(b) Notwithstanding ~~sections 169.55, subdivision 1; 169.57, subdivision 3, paragraph (b); or~~ any other law to the contrary, a vehicle may be equipped with a 360-degree flashing strobe lamp that emits an amber light with a flash rate of 60 to 120 flashes a minute, and the lamp may be used as provided in this subdivision, if the vehicle is a rural mail carrier vehicle, provided that the strobe lamp is mounted at the highest practicable point on the vehicle. The strobe lamp may only be operated while the vehicle is actually engaged during daylight hours in the delivery of mail to residents on a rural mail route.

(c) A strobe lamp authorized by this ~~section shall~~ subdivision must be of a double flash type certified to the commissioner of public safety by the manufacturer as being weatherproof and having ~~a minimum~~ an effective light output ~~of 200 candelas as measured by the Blondel-Rey formula~~ that meets or exceeds the most recent version of SAE International standard J845, Class 2, or a subsequent standard.

Sec. 61. Minnesota Statutes 2016, section 169.81, subdivision 5, is amended to read:

Subd. 5. **Manner of loading.** ~~No~~ (a) A vehicle ~~shall~~ must not be driven or moved on any highway unless ~~such~~ the vehicle is so constructed, loaded, or the load securely covered as to prevent any of its load from dropping, sifting, leaking, blowing, or otherwise escaping ~~therefrom, except that~~.

(b) Notwithstanding paragraph (a), a vehicle or combination of vehicles may:

(1) drop sand ~~may be dropped for the purpose of securing~~ to secure traction~~, or~~;

(2) sprinkle water or other substances ~~may be sprinkled on a roadway in cleaning or maintaining such~~ to clean or maintain the roadway; or

(3) leak liquid from thawing sugar beets, only if transporting unprocessed sugar beets.

(c) This subdivision ~~shall~~ does not apply to motor vehicles operated by a farmer or the farmer's agent when transporting produce such as small grains, shelled corn, soybeans, or other farm produce of a size and density not likely to cause injury to persons or damage to property on escaping in small amounts from a vehicle.

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(d) A violation of this subdivision by a vehicle that is carrying farm produce and that is not exempted ~~by the preceding sentence~~ under paragraph (c) is a petty misdemeanor.

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

Sec. 62. Minnesota Statutes 2016, section 169.81, is amended by adding a subdivision to read:

Subd. 11. **Automobile transporter.** (a) For purposes of this subdivision, the following terms have the meanings given them:

(1) "automobile transporter" means any vehicle combination designed and used to transport assembled highway vehicles, including truck camper units;

(2) "stinger-steered combination automobile transporter" means a truck tractor semitrailer having the fifth wheel located on a drop frame located behind and below the rear-most axle of the power unit; and

(3) "backhaul" means the return trip of a vehicle transporting cargo or general freight, including when carrying goods back over all or part of the same route.

(b) Stinger-steered combination automobile transporters having a length of 80 feet or less may be operated on interstate highways and other highways designated in this section, and in addition may carry a load that extends the length by four feet or less in the front of the vehicle and six feet or less in the rear of the vehicle.

(c) An automobile transporter may transport cargo or general freight on a backhaul, provided it complies with weight limitations for a truck tractor and semitrailer combination under section 169.824.

Sec. 63. Minnesota Statutes 2016, section 169.8261, subdivision 2, is amended to read:

Subd. 2. **Conditions.** (a) A vehicle or combination of vehicles described in subdivision 1 must:

(1) comply with seasonal load restrictions in effect between the dates set by the commissioner under section 169.87, subdivision 2;

(2) comply with bridge load limits posted under section 169.84;

(3) be equipped and operated with six or more axles and brakes on all wheels;

(4) not exceed 90,000 pounds gross vehicle weight, or 99,000 pounds gross vehicle weight during the time when seasonal increases are authorized under section 169.826;

(5) not be operated on interstate highways;

(6) obtain an annual permit from the commissioner of transportation;

(7) obey all road postings; and

(8) not exceed 20,000 pounds gross weight on any single axle.

(b) A vehicle operated under this section may exceed the legal axle weight limits listed in section 169.824 by not more than 12.5 percent; except that, the weight limits may be exceeded by not more than 23.75 percent during the time when seasonal increases are authorized under section 169.826, subdivision 1.

(c) Notwithstanding paragraph (a), clause (5), a vehicle or combination of vehicles hauling raw or unfinished forest products may operate on the segment of marked Interstate Highway 35 provided under United States Code, title 23, section 127(q)(2)(D).

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Sec. 64. Minnesota Statutes 2017 Supplement, section 169.829, subdivision 4, is amended to read:

Subd. 4. **Certain emergency vehicles.** (a) The provisions of sections 169.80 to 169.88 governing size, weight, and load do not apply to a fire apparatus, a law enforcement special response vehicle, or a licensed land emergency ambulance service vehicle.

(b) Emergency vehicles designed to transport personnel and equipment to support the suppression of fires and to mitigate other hazardous situations are subject to the following weight limitations when operated on an interstate highway: (1) 24,000 pounds on a single steering axle; (2) 33,500 pounds on a single drive axle; (3) 52,000 pounds on a tandem rear drive steer axle; and (4) 62,000 pounds on a tandem axle. The gross weight of an emergency vehicle operating on an interstate highway must not exceed 86,000 pounds.

Sec. 65. Minnesota Statutes 2016, section 169.829, is amended by adding a subdivision to read:

Subd. 5. **Sewage septic tank trucks.** (a) Sections 169.823 and 169.826 to 169.828 do not apply to a sewage septic tank truck used exclusively to transport sewage from septic or holding tanks.

(b) The weight limitations under section 169.824 are increased by ten percent for a single-unit vehicle transporting sewage from the point of service to (1) another point of service, or (2) the point of unloading.

(c) Notwithstanding sections 169.824, subdivision 1, paragraph (d); 169.826, subdivision 3; or any other law to the contrary, a permit is not required to operate a vehicle under this subdivision.

(d) The seasonal weight increases under section 169.826, subdivision 1, do not apply to a vehicle operated under this subdivision.

(e) A vehicle operated under this subdivision is subject to bridge load limits posted under section 169.84.

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

Sec. 66. Minnesota Statutes 2016, section 169.87, subdivision 6, is amended to read:

Subd. 6. **Recycling and garbage vehicles.** (a) ~~Except as provided in paragraph (b)~~ While a vehicle is engaged in the type of collection the vehicle was designed to perform, weight restrictions imposed under subdivisions 1 and 2 do not apply to:

(1) a vehicle that does not exceed 20,000 pounds per single axle and is designed and used exclusively for recycling, while ~~engaged in recycling~~ operating in a political subdivision that mandates curbside recycling pickup~~.~~;

~~(b) Weight restrictions imposed under subdivisions 1 and 2 do not apply to: (1)~~ (2) a vehicle that does not exceed 14,000 pounds per single axle and is used exclusively for recycling ~~as described in paragraph (a)~~;

~~(2)~~ (3) a vehicle that does not exceed 14,000 pounds per single axle and is designed and used exclusively for collecting mixed municipal solid waste, as defined in section 115A.03, subdivision 21~~, while engaged in such collection~~; ~~or~~

~~(3)~~ (4) a portable toilet service vehicle that does not exceed 14,000 pounds per single axle or 26,000 pounds gross vehicle weight, and is designed and used exclusively for collecting liquid waste from portable toilets~~, while engaged in such collection~~; or

(5) a sewage septic tank truck that is designed and used exclusively to haul sewage from septic or holding tanks.

~~(c)~~ (b) Notwithstanding section 169.80, subdivision 1, ~~a violation of~~ the owner or operator of a vehicle that violates the weight restrictions imposed under subdivisions 1 and 2 ~~by a vehicle designed and used~~

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~~exclusively for recycling while engaged in recycling in a political subdivision that mandates curbside recycling pickup while engaged in such collection, by a vehicle that is designed and used exclusively for collecting mixed municipal solid waste as defined in section 115A.03, subdivision 21, while engaged in such collection, or by a portable toilet service vehicle that is designed and used exclusively for collecting liquid waste from portable toilets, while engaged in such collection,~~ is not subject to criminal penalties but is subject to a civil penalty for excess weight under section 169.871 if the vehicle (1) meets the requirements under paragraph (a), and (2) is engaged in the type of collection the vehicle was designed to perform.

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

Sec. 67. Minnesota Statutes 2016, section 169.92, subdivision 4, is amended to read:

Subd. 4. **Suspension of driver's license.** (a) Upon receiving a report from the court, or from the driver licensing authority of a state, district, territory, or possession of the United States or a province of a foreign country which has an agreement in effect with this state pursuant to section 169.91, that a resident of this state or a person licensed as a driver in this state did not appear in court in compliance with the terms of a citation, the commissioner of public safety ~~shall~~ must notify the driver that the driver's license will be suspended unless the commissioner receives notice within 30 days that the driver has appeared in the appropriate court ~~or, if the offense is a petty misdemeanor for which a guilty plea was entered under section 609.491, that the person has paid any fine imposed by the court~~. If the commissioner does not receive notice of the appearance in the appropriate court ~~or payment of the fine~~ within 30 days of the date of the commissioner's notice to the driver, the commissioner may suspend the driver's license, subject to the notice requirements of section 171.18, subdivision 2. Notwithstanding the requirements in this section, the commissioner is prohibited from suspending the driver's license of a person based solely on the fact that the person did not appear in court (1) in compliance with the terms of a citation for a petty misdemeanor, or (2) for a violation of section 171.24, subdivision 1.

(b) The order of suspension ~~shall~~ must indicate the reason for the order and ~~shall~~ must notify the driver that the driver's license ~~shall remain~~ remains suspended until the driver has furnished evidence, satisfactory to the commissioner, of compliance with any order entered by the court.

(c) Suspension shall be ordered under this subdivision only when the report clearly identifies the person arrested; describes the violation, specifying the section of the traffic law, ordinance or rule violated; indicates the location and date of the offense; and describes the vehicle involved and its registration number.

Sec. 68. Minnesota Statutes 2016, section 171.041, is amended to read:

171.041 RESTRICTED LICENSE FOR FARM WORK.

(a) Notwithstanding any provisions of section 171.04 relating to the age of an applicant to the contrary, the commissioner may issue a restricted farm work license to operate a motor vehicle to a person who has attained the age of 15 years and who, except for age, is qualified to hold a driver's license. The applicant is not required to comply with the six-month instruction permit possession provisions of sections 171.04, subdivision 1, clause (2), and 171.05, subdivision 2a, or with the 12-month provisional license possession provision of section 171.04, subdivision 1, clause (1), item (i).

(b) The restricted license ~~shall~~ must be issued solely for the purpose of authorizing the person to whom the restricted license is issued to assist the person's parents or guardians with farm work. An individual may perform farm work under the restricted license for any entity authorized to farm under section 500.24. A person holding this restricted license may operate a motor vehicle only during daylight hours and only within a radius of ~~20~~ 40 miles of the parent's or guardian's farmhouse; however, in no case may a person holding the restricted license operate a motor vehicle in a city of the first class.

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(c) An applicant for a restricted license ~~shall~~ must apply to the commissioner for the license on forms prescribed by the commissioner. The application ~~shall~~ must be accompanied by:

(1) a copy of a property tax statement showing that the applicant's parent or guardian owns land that is classified as agricultural land or a copy of a rental statement or agreement showing that the applicant's parent or guardian rents land classified as agricultural land; and

(2) a written verified statement by the applicant's parent or guardian setting forth the necessity for the license.

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

Sec. 69. Minnesota Statutes 2017 Supplement, section 171.06, subdivision 2, is amended to read:

Subd. 2. **Fees.** (a) The fees for a license and Minnesota identification card are as follows:

REAL ID Compliant or Noncompliant Classified Driver's License	D-$17.25	C-$21.25	B-$28.25	A-$36.25
REAL ID Compliant or Noncompliant Classified Under-21 D.L.	D-$17.25	C-$21.25	B-$28.25	A-$16.25
Enhanced Driver's License	D-$32.25	C-$36.25	B-$43.25	A-$51.25
REAL ID Compliant or Noncompliant Instruction Permit				$5.25
Enhanced Instruction Permit				$20.25
Commercial Learner's Permit				$2.50
REAL ID Compliant or Noncompliant Provisional License				$8.25
Enhanced Provisional License				$23.25
Duplicate REAL ID Compliant or Noncompliant License or duplicate REAL ID Compliant or Noncompliant identification card				$6.75
Enhanced Duplicate License or enhanced duplicate identification card				$21.75
REAL ID Compliant or Noncompliant Minnesota identification card or REAL ID Compliant or Noncompliant Under-21 Minnesota identification card, other than duplicate, except as otherwise				$11.25

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provided in section 171.07, subdivisions 3 and 3a

Enhanced Minnesota identification card $26.25

~~In addition to each fee required in this paragraph, the commissioner shall collect a surcharge of: (1) $1.75 until June 30, 2012; and (2) $1.00 from July 1, 2012, to June 30, 2016. Surcharges collected under this paragraph must be credited to the driver and vehicle services technology account in the special revenue fund under section 299A.705.~~

(b) Notwithstanding paragraph (a), an individual who holds a provisional license and has a driving record free of (1) convictions for a violation of section 169A.20, 169A.33, 169A.35, sections 169A.50 to 169A.53, or section 171.177, (2) convictions for crash-related moving violations, and (3) convictions for moving violations that are not crash related, ~~shall~~ must have a $3.50 credit toward the fee for any classified under-21 driver's license. "Moving violation" has the meaning given it in section 171.04, subdivision 1.

(c) In addition to the driver's license fee required under paragraph (a), the commissioner ~~shall~~ must collect an additional $4 processing fee from each new applicant or individual renewing a license with a school bus endorsement to cover the costs for processing an applicant's initial and biennial physical examination certificate. The department ~~shall~~ must not charge these applicants any other fee to receive or renew the endorsement.

(d) In addition to the fee required under paragraph (a), a driver's license agent may charge and retain a filing fee as provided under section 171.061, subdivision 4.

(e) In addition to the fee required under paragraph (a), the commissioner ~~shall~~ must charge a filing fee at the same amount as a driver's license agent under section 171.061, subdivision 4. Revenue collected under this paragraph must be deposited in the driver services operating account.

(f) An application for a Minnesota identification card, instruction permit, provisional license, or driver's license, including an application for renewal, must contain a provision that allows the applicant to add to the fee under paragraph (a), a $2 donation for the purposes of public information and education on anatomical gifts under section 171.075.

Sec. 70. Minnesota Statutes 2016, section 171.16, subdivision 2, is amended to read:

Subd. 2. **Commissioner shall suspend.** (a) The court may recommend the suspension of the driver's license of the person so convicted, and the commissioner ~~shall~~ must suspend such license as recommended by the court, without a hearing ~~as provided herein~~.

(b) The commissioner is prohibited from suspending a person's driver's license if the person was convicted only under section 171.24, subdivision 1 or 2.

Sec. 71. Minnesota Statutes 2016, section 171.16, subdivision 3, is amended to read:

Subd. 3. ~~**Suspension for**~~ **Failure to pay fine.** ~~When any court reports to~~ The commissioner must not suspend a person's driver's license based solely on the fact that a person: (1) has been convicted of violating a law of this state or an ordinance of a political subdivision which regulates the operation or parking of motor vehicles, (2) has been sentenced to the payment of a fine or had a surcharge levied against that person, or sentenced to a fine upon which a surcharge was levied, and (3) has refused or failed to comply with that sentence or to pay the surcharge~~, notwithstanding the fact that the court has determined that the person has the ability to pay the fine or surcharge, the commissioner shall suspend the driver's license of such person~~

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~~for 30 days for a refusal or failure to pay or until notified by the court that the fine or surcharge, or both if a fine and surcharge were not paid, has been paid~~.

Sec. 72. Minnesota Statutes 2016, section 171.18, subdivision 1, is amended to read:

Subdivision 1. **Offenses.** (a) The commissioner may suspend the license of a driver without preliminary hearing upon a showing by department records or other sufficient evidence that the licensee:

(1) has committed an offense for which mandatory revocation of license is required upon conviction;

(2) has been convicted by a court for violating a provision of chapter 169 or an ordinance regulating traffic, other than a conviction for a petty misdemeanor, and department records show that the violation contributed in causing an accident resulting in the death or personal injury of another, or serious property damage;

(3) is an habitually reckless or negligent driver of a motor vehicle;

(4) is an habitual violator of the traffic laws;

(5) is incompetent to drive a motor vehicle as determined in a judicial proceeding;

(6) has permitted an unlawful or fraudulent use of the license;

(7) has committed an offense in another state that, if committed in this state, would be grounds for suspension;

(8) has committed a violation of section 169.444, subdivision 2, paragraph (a), within five years of a prior conviction under that section;

(9) has committed a violation of section 171.22, except that the commissioner may not suspend a person's driver's license based solely on the fact that the person possessed a fictitious or fraudulently altered Minnesota identification card;

(10) has failed to appear in court as provided in section 169.92, subdivision 4;

(11) has failed to report a medical condition that, if reported, would have resulted in cancellation of driving privileges;

(12) has been found to have committed an offense under section 169A.33; or

(13) has paid or attempted to pay a fee required under this chapter for a license or permit by means of a dishonored check issued to the state or a driver's license agent, which must be continued until the registrar determines or is informed by the agent that the dishonored check has been paid in full.

However, an action taken by the commissioner under clause (2) or (5) must conform to the recommendation of the court when made in connection with the prosecution of the licensee.

(b) Notwithstanding section 171.18, subdivision 1, paragraph (b), the commissioner may suspend the license of a driver when any court reports to the commissioner that a driver has eight unpaid parking tickets within a 12-month period or ten unpaid parking tickets within a 24-month period.

~~(b)~~ (c) The commissioner ~~may not suspend~~ is prohibited from suspending the driver's license of an individual under paragraph (a) who was convicted of a violation of section 171.24, subdivision 1~~, whose license was under suspension at the time solely because of the individual's failure to appear in court or failure to pay a fine~~ or 2.

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Sec. 73. Minnesota Statutes 2016, section 174.12, subdivision 8, is amended to read:

Subd. 8. **Legislative report.** (a) By February 1 of each odd-numbered year, the commissioner of transportation, with assistance from the commissioner of employment and economic development, ~~shall~~ must submit a report on the transportation economic development program to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance and economic development policy and finance.

(b) At a minimum, the report must:

(1) summarize the requirements and implementation of the transportation economic development program established in this section;

(2) review the criteria and economic impact performance measures used for evaluation, prioritization, and selection of projects;

(3) provide a brief overview of each project that received financial assistance under the program, which must at a minimum identify:

(i) basic project characteristics, such as funding recipient, geographic location, and type of transportation modes served;

(ii) sources and respective amounts of project funding; and

(iii) the degree of economic benefit anticipated or observed, following the economic impact performance measures established under subdivision 4;

(4) identify the allocation of funds, including but not limited to a breakdown of total project funds by transportation mode, the amount expended for administrative costs, and the amount transferred to the transportation economic development assistance account;

(5) evaluate the overall economic impact of the program; and

(6) provide recommendations for any legislative changes related to the program.

(c) Notwithstanding paragraph (a), a report is not required in an odd-numbered year if no project received financial assistance during the preceding 24 months.

Sec. 74. **[174.13] TRIBAL TRAINING PROGRAM; COSTS.**

The commissioner must implement interagency billing to state agencies to pay costs related to each agency's participation in tribal training activities provided by the department.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 75. Minnesota Statutes 2016, section 174.66, is amended to read:

174.66 CONTINUATION OF CARRIER RULES.

(a) Orders and directives in force, issued, or promulgated under authority of chapters 174A, 216A, 218, 219, 221, and 222 remain and continue in force and effect until repealed, modified, or superseded by duly authorized orders or directives of the commissioner of transportation. To the extent allowed under federal law or regulation, rules adopted under authority of the following sections are transferred to the commissioner of transportation and continue in force and effect until repealed, modified, or superseded by duly authorized rules of the commissioner:

(1) section 218.041 except rules related to the form and manner of filing railroad rates, railroad accounting rules, and safety rules;

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(2) section 219.40;

(3) rules relating to rates or tariffs, or the granting, limiting, or modifying of permits under section 221.031, subdivision 1; and

(4) ~~rules relating to rates, charges, and practices under section 221.161, subdivision 4; and~~

~~(5)~~ rules relating to rates, tariffs, or the granting, limiting, or modifying of permits under section 221.121.

(b) The commissioner ~~shall~~ must review the transferred rules, orders, and directives and, when appropriate, develop and adopt new rules, orders, or directives.

Sec. 76. **[219.085] OPERATION OF ON-TRACK EQUIPMENT.**

An operator of equipment used on rails that does not activate automatic railroad-highway grade crossing warning signals or gates must exercise due regard for the safety of persons and vehicles using a railroad-highway grade crossing.

Sec. 77. Minnesota Statutes 2016, section 221.031, subdivision 2d, is amended to read:

Subd. 2d. **Hours of service exemptions; agricultural purposes.** The federal regulations incorporated in section 221.0314, subdivision 9, for ~~maximum driving and on-duty time,~~ hours of service do not apply to drivers engaged in intrastate transportation within a 150-air-mile radius from the source of the commodities, or from the retail or wholesale distribution point of the farm supplies, for:

(1) agricultural commodities; or

(2) farm supplies for agricultural purposes ~~from March 15 to December 15 of each year; or~~.

~~(2) sugar beets from September 1 to May 15 of each year.~~

Sec. 78. Minnesota Statutes 2016, section 221.031, is amended by adding a subdivision to read:

Subd. 2f. **Hours of service exemptions; utility construction.** (a) The federal regulations incorporated in section 221.0314, subdivision 9, for hours of service do not apply to drivers engaged in intrastate transportation of utility construction materials within a 50-mile radius from the site of a construction or maintenance project.

(b) For purposes of this subdivision, utility construction materials includes supplies and materials used in a project to construct or maintain (1) a street or highway; (2) equipment or facilities to furnish electric transmission service; (3) a telecommunications system or cable communications system; (4) a waterworks system, sanitary sewer, or storm sewer; (5) a gas heating service line; (6) a pipeline; and (7) a facility for other similar utility service.

Sec. 79. Minnesota Statutes 2016, section 221.0314, subdivision 9, is amended to read:

Subd. 9. **Hours of service of driver.** (a) Code of Federal Regulations, title 49, part 395, is incorporated by reference, except that paragraphs (a), (c), (d), (f), (h), (i), ~~(k),~~ (m), and (n) of section 395.1 of that part are not incorporated. In addition, cross-references to sections or paragraphs not incorporated in this subdivision are not incorporated by reference.

(b) For purposes of Code of Federal Regulations, title 49, part 395.1, paragraph (k), the planting and harvest period for Minnesota is from January 1 through December 31 each year.

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(c) The requirements of Code of Federal Regulations, title 49, part 395, do not apply to drivers of lightweight vehicles.

Sec. 80. Minnesota Statutes 2016, section 221.036, subdivision 1, is amended to read:

Subdivision 1. **Order.** The commissioner may issue an order requiring violations to be corrected and administratively assessing monetary penalties for a violation of (1) section 221.021; (2) section 221.033, subdivision 2b; (3) section 221.171; (4) section 221.141; (5) a federal, state, or local law, regulation, rule, or ordinance pertaining to railroad-highway grade crossings; or (6) rules of the commissioner relating to the transportation of hazardous waste, motor carrier operations, or insurance~~, or tariffs and accounting~~. An order must be issued as provided in this section.

Sec. 81. Minnesota Statutes 2016, section 221.036, subdivision 3, is amended to read:

Subd. 3. **Amount of penalty; considerations.** (a) The commissioner may issue an order assessing a penalty of up to $5,000 for all violations identified during a single audit or investigation of (1) section 221.021~~;~~, 221.141~~;~~, or 221.171, or (2) rules of the commissioner relating to motor carrier operations~~,~~ or insurance~~, or tariffs and accounting, identified during a single inspection, audit, or investigation~~.

(b) The commissioner may issue an order assessing a penalty up to a maximum of $10,000 for all violations of section 221.033, subdivision 2b, identified during a single inspection or audit.

(c) In determining the amount of a penalty, the commissioner ~~shall~~ must consider:

(1) the willfulness of the violation;

(2) the gravity of the violation, including damage to humans, animals, air, water, land, or other natural resources of the state;

(3) the history of past violations, including the similarity of the most recent violation and the violation to be penalized, the time elapsed since the last violation, the number of previous violations, and the response of the person to the most recent violation identified;

(4) the economic benefit gained by the person by allowing or committing the violation; and

(5) other factors as justice may require, if the commissioner specifically identifies the additional factors in the commissioner's order.

(d) The commissioner ~~shall~~ must assess a penalty in accordance with Code of Federal Regulations, title 49, section 383.53, against:

(1) a driver who is convicted of a violation of an out-of-service order;

(2) an employer who knowingly allows or requires an employee to operate a commercial motor vehicle in violation of an out-of-service order; or

(3) an employer who knowingly allows or requires an employee to operate a commercial motor vehicle in violation of a federal, state, or local law or regulation pertaining to railroad-highway grade crossings.

Sec. 82. Minnesota Statutes 2016, section 221.122, subdivision 1, is amended to read:

Subdivision 1. **Registration, insurance, and filing requirements.** (a) An order issued by the commissioner which grants a certificate or permit must contain a service date.

(b) The person to whom the order granting the certificate or permit is issued shall do the following within 45 days from the service date of the order:

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(1) register vehicles which will be used to provide transportation under the permit or certificate with the commissioner and pay the vehicle registration fees required by law; and

(2) file and maintain insurance or bond as required by section 221.141 and rules of the commissioner~~; and~~.

~~(3) file rates and tariffs as required by section 221.161 and rules of the commissioner.~~

Sec. 83. Minnesota Statutes 2016, section 221.161, subdivision 1, is amended to read:

Subdivision 1. ~~**Filing; hearing upon commissioner initiative**~~ **Tariff maintenance and contents.** A household goods ~~carrier shall file and~~ mover must maintain ~~with the commissioner~~ a tariff showing rates and charges for transporting household goods. ~~Tariffs must be prepared and filed in accordance with the rules of the commissioner. When tariffs are filed in accordance with the rules and accepted by the commissioner, the filing constitutes notice to the public and interested parties of the contents of the tariffs. The commissioner shall not accept for filing tariffs that are unjust, unreasonable, unjustly discriminatory, unduly preferential or prejudicial, or otherwise in violation of this section or rules adopted under this section. If the tariffs appear to be unjust, unreasonable, unjustly discriminatory, unduly preferential or prejudicial, or otherwise in violation of this section or rules adopted under this section, after notification and investigation by the department, the commissioner may suspend and postpone the effective date of the tariffs and assign the tariffs for hearing upon notice to the household goods carrier filing the proposed tariffs and to other interested parties, including users of the service and competitive carriers by motor vehicle and rail. At the hearing, the burden of proof is on the household goods carrier filing the proposed tariff to sustain the validity of the proposed schedule of rates and charges. The tariffs and subsequent supplements to them or reissues of them must state the effective date, which may not be less than ten days following the date of filing, unless the period of time is reduced by special permission of the commissioner.~~ A household goods mover must prepare a tariff under this section that complies with Code of Federal Regulations, title 49, part 1310.3.

Sec. 84. Minnesota Statutes 2016, section 221.161, is amended by adding a subdivision to read:

Subd. 5. **Tariff availability.** (a) A household goods mover subject to this section must maintain all of its effective tariffs at its principal place of business and at each of its terminal locations, and must make the tariffs available to the public for inspection at all times the household goods mover is open for business. Any publication referred to in a tariff must be maintained with that tariff.

(b) Upon request, a household goods mover must provide copies of tariffs, specific tariff provisions, or tariff subscriptions to the commissioner or any interested person.

Sec. 85. Minnesota Statutes 2016, section 221.171, subdivision 1, is amended to read:

Subdivision 1. **Compensation fixed by schedule on file.** ~~No~~ A household goods ~~carrier shall~~ mover must not charge or receive a greater, lesser, or different compensation for the transportation ~~of persons or property~~ or ~~for related~~ service~~,~~ provided than the rates and charges ~~named in the carrier's schedule on file and in effect with the commissioner including any rate fixed by the commissioner~~ specified in the tariff under section 221.161~~; nor shall~~. A household goods ~~carrier~~ mover must not refund or remit in any manner or by any device, directly or indirectly, the rates and charges required to be collected by the ~~carrier~~ mover under the ~~carrier's~~ mover's schedules ~~or under the rates, if any, fixed by the commissioner~~.

Sec. 86. Minnesota Statutes 2016, section 299A.01, is amended by adding a subdivision to read:

Subd. 8. **Highway user tax distribution fund use limitation.** The commissioner is prohibited from spending any money from the highway user tax distribution fund for the public information center or comparable customer service positions elsewhere in the department.

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Sec. 87. **[299A.704] DRIVER AND VEHICLE SERVICES FUND.**

A driver and vehicle services fund is established within the state treasury. The fund consists of accounts and money as specified by law, and any other money donated, allotted, transferred, or otherwise provided to the fund.

Sec. 88. Minnesota Statutes 2016, section 299A.705, is amended to read:

299A.705 DRIVER AND VEHICLE SERVICES ACCOUNTS.

Subdivision 1. **Vehicle services operating account.** (a) The vehicle services operating account is created in the ~~special revenue~~ driver and vehicle services fund, consisting of all money from the vehicle services fees specified in chapters 168, 168A, and 168D, and any other money ~~otherwise~~ donated, allotted, ~~appropriated, or legislated~~ transferred, or otherwise provided to ~~this~~ the account.

(b) Funds appropriated ~~are available~~ from the account must be used by the commissioner of public safety to administer the vehicle services ~~as~~ specified in chapters 168, 168A, and 168D, and section 169.345, including:

(1) designing, producing, issuing, and mailing vehicle registrations, plates, emblems, and titles;

(2) collecting title and registration taxes and fees;

(3) transferring vehicle registration plates and titles;

(4) maintaining vehicle records;

(5) issuing disability certificates and plates;

(6) licensing vehicle dealers;

(7) appointing, monitoring, and auditing deputy registrars; and

(8) inspecting vehicles when required by law.

Subd. 2. **Driver services operating account.** (a) The driver services operating account is created in the ~~special revenue~~ driver and vehicle services fund, consisting of all money collected under chapter 171 and any other money ~~otherwise~~ donated, allotted, ~~appropriated, or legislated~~ transferred, or otherwise provided to the account.

(b) ~~Money in the~~ Funds appropriated from the account must be used by the commissioner of public safety to administer the driver services specified in chapters 169A and 171, including the activities associated with producing and mailing drivers' licenses and identification cards and notices relating to issuance, renewal, or withdrawal of driving and identification card privileges for any fiscal year or years and for the testing and examination of drivers.

Subd. 3. **Driver and vehicle services technology account.** (a) The driver and vehicle services technology account is created in the ~~special revenue~~ driver and vehicle services fund, consisting of the technology surcharge collected as specified in ~~chapters 168, 168A, and 171; the filing fee revenue collected under section 168.33, subdivision 7;~~ section 168.33 and any other money ~~otherwise~~ donated, allotted, ~~appropriated, or legislated~~ transferred, or otherwise provided to ~~this~~ the account.

(b) Money in the account is annually appropriated to the commissioner of public safety to support the research, development, deployment, and maintenance of a driver and vehicle services information system.

(c) ~~Following completion of the deposit of filing fee revenue into the driver and vehicle services technology account as provided under section 168.33, subdivision 7~~ Annually by February 1, the commissioner ~~shall~~ must submit a ~~notification~~ report to the chairs and ranking minority members of the legislative

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committees with jurisdiction over transportation policy and finance ~~concerning driver and vehicle services information system implementation, which must include information~~ on (1) total revenue deposited in the driver and vehicle services technology account for the previous calendar year, with a breakdown by sources of funds; (2) total project costs incurred through December 31 of the previous calendar year, with a breakdown by key project components; and (3) an estimate of ongoing system maintenance costs.

Subd. 4. **Prohibited expenditures.** The commissioner is prohibited from expending money from driver and vehicle services accounts created in the ~~special revenue~~ driver and vehicle services fund for any purpose that is not specifically authorized in this section or in the chapters specified in this section.

Sec. 89. Minnesota Statutes 2016, section 360.013, is amended by adding a subdivision to read:

Subd. 46a. **Comprehensive plan.** "Comprehensive plan" has the meaning given in section 394.22, subdivision 9, or 462.352, subdivision 5.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2018.

Sec. 90. Minnesota Statutes 2016, section 360.017, subdivision 1, is amended to read:

Subdivision 1. **Creation; authorized disbursements.** (a) There is hereby created a fund to be known as the state airports fund. The fund shall consist of all money appropriated to it, or directed to be paid into it, by the legislature.

(b) The state airports fund shall be paid out on authorization of the commissioner and shall be used:

(1) to acquire, construct, improve, maintain, and operate airports and other air navigation facilities;

(2) to assist municipalities in the planning, acquisition, construction, improvement, and maintenance of airports and other air navigation facilities;

(3) to assist municipalities to initiate, enhance, and market scheduled air service at their airports;

(4) to promote interest and safety in aeronautics through education and information; and

(5) to pay the salaries and expenses of the Department of Transportation related to aeronautic planning, administration, and operation. All allotments of money from the state airports fund for salaries and expenses shall be approved by the commissioner of management and budget.

~~(c) A municipality that adopts a comprehensive plan that the commissioner finds is incompatible with the state aviation plan is not eligible for assistance from the state airports fund.~~

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2018, and applies to airport sponsors that make or plan to make changes to runway lengths or configurations on or after that date. Airport safety zoning ordinances that were approved by the commissioner and effective before August 1, 2018, remain valid until or unless the airport sponsor (1) makes or plans to make changes to runway lengths or configurations, or (2) is required to update airport safety zoning ordinances.

Sec. 91. Minnesota Statutes 2016, section 360.021, subdivision 1, is amended to read:

Subdivision 1. **Authority to establish.** The commissioner is authorized and empowered, on behalf of and in the name of this state, within the limitation of available appropriations, to acquire, by purchase, gift, devise, lease, condemnation proceedings, or otherwise, property, real or personal, for the purpose of establishing and constructing restricted landing areas and other air navigation facilities and to acquire in like manner, own, control, establish, construct, enlarge, improve, maintain, equip, operate, regulate, and police such restricted landing areas and other air navigation facilities, either within or without this state; and

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to make, prior to any such acquisition, investigations, surveys, and plans. The commissioner may maintain, equip, operate, regulate, and police airports, either within or without this state. The operation and maintenance of airports is an essential public service. The commissioner may maintain at such airports facilities for the servicing of aircraft and for the comfort and accommodation of air travelers. The commissioner may dispose of any such property, airport, restricted landing area, or any other air navigation facility, by sale, lease, or otherwise, in accordance with the laws of this state governing the disposition of other like property of the state. The commissioner may not acquire or take over any restricted landing area, or other air navigation facility without the consent of the owner. The commissioner shall not acquire any additional state airports nor establish any additional state-owned airports. The commissioner may erect, equip, operate, and maintain on any airport buildings and equipment necessary and proper to maintain, and conduct such airport and air navigation facilities connected therewith. The commissioner shall not expend money for land acquisition, or for the construction, improvement, or maintenance of airports, or for air navigation facilities for an airport, unless the ~~governmental unit~~ municipality, county, or joint airport zoning board involved has or is establishing a zoning authority for that airport, and the authority has made a good-faith showing that it is in the process of and will complete with due diligence, an airport zoning ordinance in accordance with sections 360.061 to 360.074. The commissioner may provide funds to support airport safety projects that maintain existing infrastructure, regardless of a zoning authority's efforts to complete a zoning regulation. The commissioner may withhold funding from only the airport subject to the proposed zoning ordinance. Notwithstanding the foregoing prohibition, the commissioner may continue to maintain the state-owned airport at Pine Creek.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2018, and applies to airport sponsors that make or plan to make changes to runway lengths or configurations on or after that date. Airport safety zoning ordinances that were approved by the commissioner and effective before August 1, 2018, remain valid until or unless the airport sponsor (1) makes or plans to make changes to runway lengths or configurations, or (2) is required to update airport safety zoning ordinances.

Sec. 92. Minnesota Statutes 2016, section 360.024, is amended to read:

360.024 AIR TRANSPORTATION SERVICE ~~CHARGE~~.

Subdivision 1. **Charges.** (a) The commissioner ~~shall~~ must charge users of air transportation services provided by the commissioner for direct operating costs, excluding pilot salary ~~and~~.

(b) The commissioner must charge users for a portion of aircraft acquisition, replacement, or leasing costs.

Subd. 2. **Accounts; appropriation.** (a) An air transportation services account is established in the state airports fund. The account consists of money collected under subdivision 1, paragraph (a), and any other money donated, allotted, transferred, or otherwise provided to the account. ~~All receipts for these services shall be deposited in the air transportation services account in the state airports fund and are~~ Money in the account is annually appropriated to the commissioner to pay ~~these~~ direct air service operating costs.

(b) An aircraft capital account is established in the state airports fund. The account consists of collections under subdivision 1, paragraph (b), proceeds from the sale of aircraft under jurisdiction of the department, and any other money donated, allotted, transferred, or otherwise provided to the account. Money in the account must be used for aircraft acquisition, replacement, or leasing costs. Except as provided by law, the commissioner must not transfer money into or out of the account.

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

Sec. 93. Minnesota Statutes 2016, section 360.062, is amended to read:

360.062 AIRPORT HAZARD PREVENTION; PROTECTING EXISTING ~~NEIGHBORHOOD~~ LAND USES.

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(a) It is hereby found that an airport hazard endangers the lives and property of users of the airport and of occupants of land in its vicinity, and may reduce the size of the area available for the landing, takeoff, and maneuvering of aircraft, thereby impairing the utility of the airport and the public investment therein. It is also found that the social and financial costs of disrupting existing land uses around airports ~~in built up urban areas, particularly established residential neighborhoods,~~ often outweigh the benefits of a reduction in airport hazards that might result from the elimination or removal of those uses.

(b) Accordingly, it is hereby declared: (1) ~~that~~ the creation or establishment of an airport hazard is a public nuisance and an injury to the community served by the airport in question; (2) ~~that~~ it is ~~therefor~~ necessary in the interest of the public health, public safety, and general welfare that the creation or establishment of airport hazards be prevented and that this should be accomplished to the extent legally possible, by exercise of the police power, without compensation; and (3) ~~that~~ the elimination or removal of existing land uses~~, particularly established residential neighborhoods in built up urban areas,~~ or their designation as nonconforming uses is not in the public interest and should be avoided whenever possible consistent with reasonable standards of safety.

(c) It is further declared that the prevention of the creation or establishment of airport hazards and the elimination, removal, alteration, mitigation, or marking and lighting of existing airport hazards are essential public ~~purposes~~ services for which political subdivisions may raise and expend public funds and acquire land or property interests therein.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2018, and applies to airport sponsors that make or plan to make changes to runway lengths or configurations on or after that date. Airport safety zoning ordinances that were approved by the commissioner and effective before August 1, 2018, remain valid until or unless the airport sponsor (1) makes or plans to make changes to runway lengths or configurations, or (2) is required to update airport safety zoning ordinances.

Sec. 94. Minnesota Statutes 2016, section 360.063, subdivision 1, is amended to read:

Subdivision 1. **Enforcement under police power.** (a) In order to prevent the creation or establishment of airport hazards, every municipality having an airport hazard area within its territorial limits may, unless a joint airport zoning board is permitted under subdivision 3, adopt, amend from time to time, administer, and enforce, under the police power and in the manner and upon the conditions hereinafter prescribed, airport zoning regulations for such airport hazard area, which regulations may divide such area into zones, and, within such zones, specify the land uses permitted and regulate and restrict the height to which structures and trees may be erected or allowed to grow.

(b) ~~For the purpose of promoting~~ In order to promote health, safety, order, convenience, prosperity, general welfare and ~~for conserving~~ to conserve property values and ~~encouraging~~ encourage the most appropriate use of land, the municipality may regulate ~~the location, size and use of buildings and the density of population in that portion of an airport hazard area under approach zones for a distance not to exceed two miles from the airport boundary and in other portions of an~~ in airport hazard ~~area may regulate by land use zoning for a distance not to exceed one mile from the airport boundary, and by height restriction zoning for a distance not to exceed 1-1/2 miles from the airport boundary~~ areas: (1) land use; (2) height restrictions; (3) the location, size, and use of buildings; and (4) the density of population.

(c) The powers granted by this subdivision may be exercised by metropolitan airports commissions in contiguous cities of the first class in and for which they have been created.

(d) In the case of airports owned or operated by the state of Minnesota such powers shall be exercised by the state airport zoning boards or by the commissioner of transportation as authorized herein.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2018, and applies to airport sponsors that make or plan to make changes to runway lengths or configurations on or after that date. Airport safety zoning ordinances that were approved by the commissioner and effective before August 1, 2018,

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remain valid until or unless the airport sponsor (1) makes or plans to make changes to runway lengths or configurations, or (2) is required to update airport safety zoning ordinances.

Sec. 95. Minnesota Statutes 2016, section 360.063, subdivision 3, is amended to read:

Subd. 3. **Joint airport zoning board.** (a) Where an airport is owned or controlled by a municipality and an airport hazard area appertaining to the airport is located within the territorial limits of another county or municipality, the municipality owning or controlling the airport may request a county or municipality in which an airport hazard area is located:

(1) to adopt and enforce airport zoning regulations for the area in question ~~that conform to standards prescribed by the commissioner pursuant to subdivision 4~~ under sections 360.0655 and 360.0656; or

(2) to join in creating a joint airport zoning board pursuant to paragraph (b). The owning or controlling municipality shall determine which of these actions it shall request, except as provided in paragraph (e) for the Metropolitan Airports Commission. The request shall be made by certified mail to the governing body of each county and municipality in which an airport hazard area is located.

(b) Where an airport is owned or controlled by a municipality and an airport hazard area appertaining to the airport is located within the territorial limits of another county or municipality, the municipality owning or controlling the airport and the county or other municipality within which the airport hazard area is located may, by ordinance or resolution duly adopted, create a joint airport zoning board, which board shall have the same power to adopt, administer, and enforce airport zoning regulations applicable to the airport hazard area in question as that vested by subdivision 1 in the municipality within which the area is located. A joint board shall have as members two representatives appointed by the municipality owning or controlling the airport and two from the county or municipality, or in case more than one county or municipality is involved two from each county or municipality, in which the airport hazard is located, and in addition a chair elected by a majority of the members so appointed. All members shall serve at the pleasure of their respective appointing authority. Notwithstanding any other provision of law to the contrary, if the owning and controlling municipality is a city of the first class it shall appoint four members to the board, and the chair of the board shall be elected from the membership of the board.

(c) If a county or municipality, within 60 days of receiving a request from an owning or controlling municipality pursuant to paragraph (a), fails to adopt, or thereafter fails to enforce, the zoning regulations or fails to join in creating a joint airport zoning board, the owning or controlling municipality, or a joint airport zoning board created without participation by the subdivisions which fail to join the board, may itself adopt, administer, and enforce airport zoning regulations for the airport hazard area in question. In the event of conflict between the regulations and airport zoning regulations adopted by the county or municipality within which the airport hazard area is located, section 360.064, subdivision 2, applies.

(d) "Owning or controlling municipality," as used in this subdivision, includes:

(1) a joint airport operating board created pursuant to section 360.042 that has been granted all the powers of a municipality in zoning matters under the agreement creating the board;

(2) a joint airport operating board created pursuant to section 360.042 that has not been granted zoning powers under the agreement creating the board; provided that the board shall not itself adopt zoning regulations nor shall a joint airport zoning board created at its request adopt zoning regulations unless all municipalities that created the joint operating board join to create the joint zoning board; and

(3) the Metropolitan Airports Commission established and operated pursuant to chapter 473.

(e) The Metropolitan Airports Commission shall request creation of one joint airport zoning board for each airport operated under its authority.

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EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2018, and applies to airport sponsors that make or plan to make changes to runway lengths or configurations on or after that date. Airport safety zoning ordinances that were approved by the commissioner and effective before August 1, 2018, remain valid until or unless the airport sponsor (1) makes or plans to make changes to runway lengths or configurations, or (2) is required to update airport safety zoning ordinances.

Sec. 96. Minnesota Statutes 2016, section 360.064, subdivision 1, is amended to read:

Subdivision 1. **Comprehensive regulations.** In the event that a municipality has adopted, or hereafter adopts, a comprehensive zoning ordinance regulating, among other things the height of buildings, any airport zoning regulations applicable to the same area or portion thereof ~~may~~ must be incorporated by reference or incorporated in and made a part of such comprehensive zoning regulations and be administered and enforced in connection therewith.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2018, and applies to airport sponsors that make or plan to make changes to runway lengths or configurations on or after that date. Airport safety zoning ordinances that were approved by the commissioner and effective before August 1, 2018, remain valid until or unless the airport sponsor (1) makes or plans to make changes to runway lengths or configurations, or (2) is required to update airport safety zoning ordinances.

Sec. 97. Minnesota Statutes 2016, section 360.065, subdivision 1, is amended to read:

Subdivision 1. **Notice of proposed zoning regulations, hearing.** (a) No airport zoning regulations shall be adopted, amended, or changed under sections 360.011 to 360.076, except by action of the governing body of the municipality ~~or~~, county ~~in question~~, or joint airport zoning board under section 360.0655 or 360.0656, or the boards provided for in section 360.063, subdivisions 3 and 7, or by the commissioner as provided in subdivisions 6 and 8~~, after public hearings, at which parties in interest and citizens shall have an opportunity to be heard~~.

(b) A public hearing ~~shall~~ must be held on the ~~proposed~~ airport zoning regulations proposed by a municipality, county, or joint airport zoning board before they are submitted ~~for approval~~ to the commissioner ~~and after that approval but before final adoption by the local zoning authority~~ for approval. If any changes that alter the regulations placed on a parcel of land are made to the proposed airport zoning regulations after the initial public hearing, the municipality, county, or joint airport zoning board must hold a second public hearing before final adoption of the regulation. The commissioner may require a second hearing as determined necessary.

(c) Notice of a hearing ~~required pursuant to this subdivision shall~~ must be published by the ~~local zoning authority~~ municipality, county, or joint airport zoning board at least three times during the period between 15 days and five days before the hearing in an official newspaper and in a second newspaper designated by that authority which has a wide general circulation in the area affected by the proposed regulations~~.~~ and posted on the municipality's, county's, or joint airport zoning board's Web site. If there is not a second newspaper of wide general circulation in the area that the municipality, county, or joint airport zoning board can designate for the notice, the municipality, county, or joint airport zoning board is only required to publish the notice once in the official newspaper of the jurisdiction. The notice shall not be published in the legal notice section of a newspaper. The notice must specify the time, location, and purpose of the hearing, and must identify any additional location and time the proposed regulations will be available for public inspection. A copy of the published notice must be added to the record of the proceedings.

(d) Notice of a hearing ~~shall also be mailed to the governing body of each political subdivision in which property affected by the regulations is located. Notice shall~~ must be given by mail at least ~~15~~ ten days before each hearing to ~~any~~ persons ~~in municipalities that own land proposed to be included in safety zone A or B as provided in the rules of the Department of Transportation~~ and landowners where the location or size of

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a building, or the density of population, will be regulated. Mailed notice must also be provided at least ten days before each hearing to persons or municipalities that have previously requested such notice from the ~~authority.~~ municipality, county, or joint airport zoning board. The notice must specify the time, location, and purpose of the hearing, and must identify any additional location and time the proposed regulations will be made available for public inspection. Mailed notice must also identify the property affected by the regulations. For the purpose of ~~giving~~ providing mailed notice, the ~~authority~~ municipality, county, or joint airport zoning board may use any appropriate records to determine the names and addresses of owners. A copy of the notice and a list of the owners and addresses to which the notice was sent ~~shall be attested to by the responsible person and shall~~ must be ~~made a part of~~ added to the records of the proceedings. ~~The~~ Failure to ~~give~~ provide mailed notice to individual property owners~~,~~ or ~~defects~~ a defect in the notice~~, shall~~ does not invalidate the proceedings~~; provided~~ if a bona fide attempt to comply with this subdivision ~~has been~~ was made. ~~A notice shall describe the property affected by the proposed regulations and the restrictions to be imposed on the property by the regulations and shall state the place and time at which the proposed regulations are available for public inspection.~~

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2018, and applies to airport sponsors that make or plan to make changes to runway lengths or configurations on or after that date. Airport safety zoning ordinances that were approved by the commissioner and effective before August 1, 2018, remain valid until or unless the airport sponsor (1) makes or plans to make changes to runway lengths or configurations, or (2) is required to update airport safety zoning ordinances.

Sec. 98. **[360.0655] AIRPORT ZONING REGULATIONS BASED ON COMMISSIONER'S STANDARDS; SUBMISSION PROCESS.**

Subdivision 1. **Submission to commissioner; review.** (a) Except as provided in section 360.0656, prior to adopting zoning regulations the municipality, county, or joint airport zoning board must submit the proposed regulations to the commissioner for the commissioner to determine whether the regulations conform to the standards prescribed by the commissioner. The municipality, county, or joint airport zoning board may elect to complete custom airport zoning under section 360.0656 instead of using the commissioner's standard, but only after providing written notice to the commissioner.

(b) Notwithstanding section 15.99, the commissioner must examine the proposed regulations within 90 days of receipt of the regulations and report to the municipality, county, or joint airport zoning board the commissioner's approval or objections, if any. Failure to respond within 90 days is deemed an approval. The commissioner may request additional information from the municipality, county, or joint airport zoning board within the 90-day review period. If the commissioner requests additional information, the 90-day review period is tolled until the commissioner receives information and deems the information satisfactory.

(c) If the commissioner objects on the grounds that the regulations do not conform to the standards prescribed by the commissioner, the municipality, county, or joint airport zoning board must make amendments necessary to resolve the objections or provide written notice to the commissioner that the municipality, county, or joint airport zoning board has elected to proceed with zoning under section 360.0656.

(d) If the municipality, county, or joint airport zoning board makes revisions to the proposed regulations after its initial public hearing, the municipality, county, or joint airport zoning board must conduct a second public hearing on the revisions and resubmit the revised proposed regulations to the commissioner for review. The commissioner must examine the revised proposed regulations within 90 days of receipt to determine whether the revised proposed regulations conform to the standards prescribed by the commissioner.

(e) If, after a second review period, the commissioner determines that the municipality, county, or joint airport zoning board failed to submit proposed regulations that conform to the commissioner's standards, the commissioner must provide a final written decision to the municipality, county, or joint airport zoning board.

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(f) The municipality, county, or joint airport zoning board must not adopt regulations or take other action until the proposed regulations are approved by the commissioner.

(g) The commissioner may approve local zoning ordinances that are more stringent than the commissioner's standards.

(h) If the commissioner approves the proposed regulations, the municipality, county, or joint airport zoning board may adopt the regulations.

(i) A copy of the adopted regulations must be filed with the county recorder in each county that contains a zoned area subject to the regulations.

(j) Substantive rights that existed and had been exercised prior to August 1, 2018, are not affected by the filing of the regulations.

Subd. 2. **Protection of existing land uses.** (a) In order to ensure minimum disruption of existing land uses, the commissioner's airport zoning standards and local airport zoning ordinances or regulations adopted under this section must distinguish between the creation or establishment of a use and the elimination of an existing use, and must avoid the elimination, removal, or reclassification of existing uses to the extent consistent with reasonable safety standards. The commissioner's standards must include criteria for determining when an existing land use may constitute an airport hazard so severe that public safety considerations outweigh the public interest in preventing disruption to that land use.

(b) Airport zoning regulations that classify as a nonconforming use or require nonconforming use classification with respect to any existing low-density structure or existing isolated low-density building lots must be adopted under sections 360.061 to 360.074.

(c) A local airport zoning authority may classify a land use described in paragraph (b) as an airport hazard if the authority finds that the classification is justified by public safety considerations and is consistent with the commissioner's airport zoning standards. Any land use described in paragraph (b) that is classified as an airport hazard must be acquired, altered, or removed at public expense.

(d) This subdivision must not be construed to affect the classification of any land use under any zoning ordinances or regulations not adopted under sections 360.061 to 360.074.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2018, and applies to airport sponsors that make or plan to make changes to runway lengths or configurations on or after that date. Airport safety zoning ordinances that were approved by the commissioner and effective before August 1, 2018, remain valid until or unless the airport sponsor (1) makes or plans to make changes to runway lengths or configurations, or (2) is required to update airport safety zoning ordinances.

Sec. 99. **[360.0656] CUSTOM AIRPORT ZONING STANDARDS.**

Subdivision 1. **Custom airport zoning standards; factors.** (a) Notwithstanding section 360.0655, a municipality, county, or joint airport zoning board must provide notice to the commissioner when the municipality, county, or joint airport zoning board intends to establish and adopt custom airport zoning regulations under this section.

(b) Airport zoning regulations submitted to the commissioner under this subdivision are not subject to the commissioner's zoning regulations under section 360.0655 or Minnesota Rules, part 8800.2400.

(c) When developing and adopting custom airport zoning regulations under this section, the municipality, county, or joint airport zoning board must include in the record a detailed analysis that explains how the proposed custom airport zoning regulations addressed the following factors to ensure a reasonable level of safety:

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(1) the location of the airport, the surrounding land uses, and the character of neighborhoods in the vicinity of the airport, including:

(i) the location of vulnerable populations, including schools, hospitals, and nursing homes, in the airport hazard area;

(ii) the location of land uses that attract large assemblies of people in the airport hazard area;

(iii) the availability of contiguous open spaces in the airport hazard area;

(iv) the location of wildlife attractants in the airport hazard area;

(v) airport ownership or control of the federal Runway Protection Zone and the department's Clear Zone;

(vi) land uses that create or cause interference with the operation of radio or electronic facilities used by the airport or aircraft;

(vii) land uses that make it difficult for pilots to distinguish between airport lights and other lights, result in glare in the eyes of pilots using the airport, or impair visibility in the vicinity of the airport;

(viii) land uses that otherwise inhibit a pilot's ability to land, take off, or maneuver the aircraft;

(ix) airspace protection to prevent the creation of air navigation hazards in the airport hazard area; and

(x) the social and economic costs of restricting land uses;

(2) the airport's type of operations and how the operations affect safety surrounding the airport;

(3) the accident rate at the airport compared to a statistically significant sample, including an analysis of accident distribution based on the rate with a higher accident incidence;

(4) the planned land uses within an airport hazard area, including any applicable platting, zoning, comprehensive plan, or transportation plan; and

(5) any other information relevant to safety or the airport.

Subd. 2. **Submission to commissioner; review.** (a) Except as provided in section 360.0655, prior to adopting zoning regulations, the municipality, county, or joint airport zoning board must submit its proposed regulations and the supporting record to the commissioner for review. The commissioner must determine whether the proposed custom airport zoning regulations and supporting record (1) evaluate the criteria under subdivision 1, and (2) provide a reasonable level of safety.

(b) Notwithstanding section 15.99, the commissioner must examine the proposed regulations within 90 days of receipt of the regulations and report to the municipality, county, or joint airport zoning board the commissioner's approval or objections, if any. Failure to respond within 90 days is deemed an approval. The commissioner may request additional information from the municipality, county, or joint airport zoning board within the 90-day review period.

(c) If the commissioner objects on the grounds that the regulations do not provide a reasonable level of safety, the municipality, county, or joint airport zoning board must review, consider, and provide a detailed explanation demonstrating how it evaluated the objections and what action it took or did not take in response to the objections. If the municipality, county, or joint airport zoning board submits amended regulations after its initial public hearing, the municipality, county, or joint airport zoning board must conduct a second public hearing on the revisions and resubmit the revised proposed regulations to the commissioner for review. The commissioner must examine the revised proposed regulations within 90 days of receipt of the regulations. If the commissioner requests additional information, the 90-day review period is tolled until satisfactory information is received by the commissioner. Failure to respond within 90 days is deemed an approval.

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(d) If, after the second review period, the commissioner determines that the municipality, county, or joint airport zoning board failed to submit proposed regulations that provide a reasonable safety level, the commissioner must provide a final written decision to the municipality, county, or joint airport zoning board.

(e) A municipality, county, or joint airport zoning board is prohibited from adopting custom regulations or taking other action until the proposed regulations are approved by the commissioner.

(f) If the commissioner approves the proposed regulations, the municipality, county, or joint airport zoning board may adopt the regulations.

(g) A copy of the adopted regulations must be filed with the county recorder in each county that contains a zoned area subject to the regulations.

(h) Substantive rights that existed and had been exercised prior to August 1, 2018, are not affected by the filing of the regulations.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2018, and applies to airport sponsors that make or plan to make changes to runway lengths or configurations on or after that date. Airport safety zoning ordinances that were approved by the commissioner and effective before August 1, 2018, remain valid until or unless the airport sponsor (1) makes or plans to make changes to runway lengths or configurations, or (2) is required to update airport safety zoning ordinances.

Sec. 100. Minnesota Statutes 2016, section 360.066, subdivision 1, is amended to read:

Subdivision 1. **Reasonableness.** ~~Standards of the commissioner~~ Zoning standards defining airport hazard areas and the categories of uses permitted and airport zoning regulations adopted under sections 360.011 to 360.076~~, shall~~ must be reasonable~~,~~ and none shall impose a requirement or restriction ~~which~~ that is not reasonably necessary to effectuate the purposes of sections 360.011 to 360.076. ~~In determining what minimum airport zoning regulations may be adopted, the commissioner and a local airport zoning authority shall consider, among other things, the character of the flying operations expected to be conducted at the airport, the location of the airport, the nature of the terrain within the airport hazard area, the existing land uses and character of the neighborhood around the airport, the uses to which the property to be zoned are planned and adaptable, and the social and economic costs of restricting land uses versus the benefits derived from a strict application of the standards of the commissioner.~~

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2018, and applies to airport sponsors that make or plan to make changes to runway lengths or configurations on or after that date. Airport safety zoning ordinances that were approved by the commissioner and effective before August 1, 2018, remain valid until or unless the airport sponsor (1) makes or plans to make changes to runway lengths or configurations, or (2) is required to update airport safety zoning ordinances.

Sec. 101. Minnesota Statutes 2016, section 360.067, is amended by adding a subdivision to read:

Subd. 5. **Federal no hazard determination.** (a) Notwithstanding subdivisions 1 and 2, a municipality, county, or joint airport zoning board may include in its custom airport zoning regulations adopted under section 360.0656 an option to permit construction of a structure, an increase or alteration of the height of a structure, or the growth of an existing tree without a variance from height restrictions if the Federal Aviation Administration has analyzed the proposed construction, alteration, or growth under Code of Federal Regulations, title 14, part 77, and has determined the proposed construction, alteration, or growth does not:

(1) pose a hazard to air navigation;

(2) require changes to airport or aircraft operations; or

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(3) require any mitigation conditions by the Federal Aviation Administration that cannot be satisfied by the landowner.

(b) A municipality, county, or joint airport zoning board that permits an exception to height restrictions under this subdivision must require the applicant to file the Federal Aviation Administration's no hazard determination with the applicable zoning administrator. The applicant must obtain written approval of the zoning administrator before construction, alteration, or growth may occur. Failure of the administrator to respond within 60 days to a filing under this subdivision is deemed a denial. The Federal Aviation Administration's no hazard determination does not apply to requests for variation from land use, density, or any other requirement unrelated to the height of structures or the growth of trees.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2018, and applies to airport sponsors that make or plan to make changes to runway lengths or configurations on or after that date. Airport safety zoning ordinances that were approved by the commissioner and effective before August 1, 2018, remain valid until or unless the airport sponsor (1) makes or plans to make changes to runway lengths or configurations, or (2) is required to update airport safety zoning ordinances.

Sec. 102. Minnesota Statutes 2016, section 360.071, subdivision 2, is amended to read:

Subd. 2. **Membership.** (a) Where a zoning board of appeals or adjustment already exists, it may be appointed as the board of adjustment. Otherwise, the board of adjustment shall consist of five members, each to be appointed for a term of three years by the authority adopting the regulations and to be removable by the appointing authority for cause, upon written charges and after public hearing. The length of initial appointments may be staggered.

(b) In the case of a Metropolitan Airports Commission, five members shall be appointed by the commission chair from the area in and for which the commission was created, any of whom may be members of the commission. In the case of an airport owned or operated by the state of Minnesota, the board of commissioners of the county, or counties, in which the airport hazard area is located shall constitute the airport board of adjustment and shall exercise the powers and duties of such board as provided herein.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2018, and applies to airport sponsors that make or plan to make changes to runway lengths or configurations on or after that date. Airport safety zoning ordinances that were approved by the commissioner and effective before August 1, 2018, remain valid until or unless the airport sponsor (1) makes or plans to make changes to runway lengths or configurations, or (2) is required to update airport safety zoning ordinances.

Sec. 103. Minnesota Statutes 2016, section 360.305, subdivision 6, is amended to read:

Subd. 6. **Zoning required.** The commissioner ~~shall~~ must not expend money for planning or land acquisition, ~~or~~ for the construction, improvement, or maintenance of airports, or for air navigation facilities for an airport, unless the ~~governmental unit~~ municipality, county, or joint airport zoning board involved has or is establishing a zoning authority for that airport, and the authority has made a good-faith showing that it is in the process of and will complete with due diligence, an airport zoning ordinance in accordance with sections 360.061 to 360.074. The commissioner may provide funds to support airport safety projects that maintain existing infrastructure, regardless of a zoning authority's efforts to complete a zoning regulation. The commissioner ~~shall~~ must make maximum use of zoning and easements to eliminate runway and other potential airport hazards rather than land acquisition in fee.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2018, and applies to airport sponsors that make or plan to make changes to runway lengths or configurations on or after that date. Airport safety zoning ordinances that were approved by the commissioner and effective before August 1, 2018, remain valid until or unless the airport sponsor (1) makes or plans to make changes to runway lengths or configurations, or (2) is required to update airport safety zoning ordinances.

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Sec. 104. Minnesota Statutes 2016, section 394.22, is amended by adding a subdivision to read:

Subd. 1a. **Airport safety zone.** "Airport safety zone" means an area subject to land use zoning controls adopted under sections 360.061 to 360.074 if the zoning controls regulate (1) the size or location of buildings, or (2) the density of population.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2018.

Sec. 105. Minnesota Statutes 2016, section 394.23, is amended to read:

394.23 COMPREHENSIVE PLAN.

The board has the power and authority to prepare and adopt by ordinance, a comprehensive plan. A comprehensive plan or plans when adopted by ordinance must be the basis for official controls adopted under the provisions of sections 394.21 to 394.37. The commissioner of natural resources must provide the natural heritage data from the county biological survey, if available, to each county for use in the comprehensive plan. When adopting or updating the comprehensive plan, the board must, if the data is available to the county, consider natural heritage data resulting from the county biological survey. In a county that is not a greater than 80 percent area, as defined in section 103G.005, subdivision 10b, the board must consider adopting goals and objectives that will protect open space and the environment. The board must consider the location and dimensions of airport safety zones in any portion of the county, and of any airport improvements, identified in the airport's most recent approved airport layout plan.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2018, and applies to airport sponsors that make or plan to make changes to runway lengths or configurations on or after that date. Airport safety zoning ordinances that were approved by the commissioner and effective before August 1, 2018, remain valid until or unless the airport sponsor (1) makes or plans to make changes to runway lengths or configurations, or (2) is required to update airport safety zoning ordinances.

Sec. 106. Minnesota Statutes 2016, section 394.231, is amended to read:

394.231 COMPREHENSIVE PLANS IN GREATER MINNESOTA; OPEN SPACE.

A county adopting or updating a comprehensive plan in a county outside the metropolitan area as defined by section 473.121, subdivision 2, and that is not a greater than 80 percent area, as defined in section 103G.005, subdivision 10b, shall consider adopting goals and objectives for the preservation of agricultural, forest, wildlife, and open space land, and minimizing development in sensitive shoreland areas. Within three years of updating the comprehensive plan, the county shall consider adopting ordinances as part of the county's official controls that encourage the implementation of the goals and objectives. The county shall consider the following goals and objectives:

(1) minimizing the fragmentation and development of agricultural, forest, wildlife, and open space lands, including consideration of appropriate minimum lot sizes;

(2) minimizing further development in sensitive shoreland areas;

(3) minimizing development near wildlife management areas, scientific and natural areas, and nature centers;

(4) encouraging land uses in airport safety zones that are compatible with the safe operation of the airport and the safety of people in the vicinity of the airport;

~~(4)~~ (5) identification of areas of preference for higher density, including consideration of existing and necessary water and wastewater services, infrastructure, other services, and to the extent feasible, encouraging full development of areas previously zoned for nonagricultural uses;

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~~(5)~~ (6) encouraging development close to places of employment, shopping centers, schools, mass transit, and other public and private service centers;

~~(6)~~ (7) identification of areas where other developments are appropriate; and

~~(7)~~ (8) other goals and objectives a county may identify.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2018, and applies to airport sponsors that make or plan to make changes to runway lengths or configurations on or after that date. Airport safety zoning ordinances that were approved by the commissioner and effective before August 1, 2018, remain valid until or unless the airport sponsor (1) makes or plans to make changes to runway lengths or configurations, or (2) is required to update airport safety zoning ordinances.

Sec. 107. Minnesota Statutes 2016, section 394.25, subdivision 3, is amended to read:

Subd. 3. **In district zoning, maps.** Within each such district zoning ordinances or maps may also be adopted designating or limiting the location, height, width, bulk, type of foundation, number of stories, size of, and the specific uses for which dwellings, buildings, and structures may be erected or altered; the minimum and maximum size of yards, courts, or other open spaces; setback from existing roads and highways and roads and highways designated on an official map; protective measures necessary to protect the public interest including but not limited to controls relating to appearance, signs, lighting, hours of operation and other aesthetic performance characteristics including but not limited to noise, heat, glare, vibrations and smoke; the area required to provide for off street loading and parking facilities; heights of trees and structures near airports; and to avoid too great concentration or scattering of the population. All such provisions shall be uniform for each class of land or building throughout each district, but the provisions in one district may differ from those in other districts. No provision may prohibit earth sheltered construction as defined in section 216C.06, subdivision 14, or manufactured homes built in conformance with sections 327.31 to 327.35 that comply with all other zoning ordinances promulgated pursuant to this section. Airport safety zones must be included on maps that illustrate boundaries of zoning districts and that are adopted as official controls.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to maps created or updated under this section on or after that date.

Sec. 108. Minnesota Statutes 2016, section 462.352, is amended by adding a subdivision to read:

Subd. 1a. **Airport safety zone.** "Airport safety zone" has the meaning given in section 394.22, subdivision 1a.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2018.

Sec. 109. Minnesota Statutes 2016, section 462.355, subdivision 1, is amended to read:

Subdivision 1. **Preparation and review.** The planning agency shall prepare the comprehensive municipal plan. In discharging this duty the planning agency shall consult with and coordinate the planning activities of other departments and agencies of the municipality to insure conformity with and to assist in the development of the comprehensive municipal plan. In its planning activities the planning agency shall take due cognizance of the planning activities of adjacent units of government and other affected public agencies. The planning agency shall periodically review the plan and recommend amendments whenever necessary. When preparing or recommending amendments to the comprehensive plan, the planning agency of a municipality located within a county that is not a greater than 80 percent area, as defined in section 103G.005, subdivision 10b, must consider adopting goals and objectives that will protect open space and the environment. When preparing or recommending amendments to the comprehensive plan, the planning agency must consider (1) the location and dimensions of airport safety zones in any portion of the municipality, and (2) any airport improvements identified in the airport's most recent approved airport layout plan.

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EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2018, and applies to airport sponsors that make or plan to make changes to runway lengths or configurations on or after that date. Airport safety zoning ordinances that were approved by the commissioner and effective before August 1, 2018, remain valid until or unless the airport sponsor (1) makes or plans to make changes to runway lengths or configurations, or (2) is required to update airport safety zoning ordinances.

Sec. 110. Minnesota Statutes 2016, section 462.357, is amended by adding a subdivision to read:

Subd. 1i. **Airport safety zones on zoning maps.** Airport safety zones must be included on maps that illustrate boundaries of zoning districts and that are adopted as official controls.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to maps created or updated under this section on or after that date.

Sec. 111. Minnesota Statutes 2016, section 462.357, subdivision 9, is amended to read:

Subd. 9. **Development goals and objectives.** In adopting official controls after July 1, 2008, in a municipality outside the metropolitan area, as defined by section 473.121, subdivision 2, the municipality shall consider restricting new residential, commercial, and industrial development so that the new development takes place in areas subject to the following goals and objectives:

(1) minimizing the fragmentation and development of agricultural, forest, wildlife, and open space lands, including consideration of appropriate minimum lot sizes;

(2) minimizing further development in sensitive shoreland areas;

(3) minimizing development near wildlife management areas, scientific and natural areas, and nature centers;

(4) encouraging land uses in airport safety zones that are compatible with the safe operation of the airport and the safety of people in the vicinity of the airport;

~~(4)~~ (5) identification of areas of preference for higher density, including consideration of existing and necessary water and wastewater services, infrastructure, other services, and to the extent feasible, encouraging full development of areas previously zoned for nonagricultural uses;

~~(5)~~ (6) encouraging development close to places of employment, shopping centers, schools, mass transit, and other public and private service centers;

~~(6)~~ (7) identification of areas where other developments are appropriate; and

~~(7)~~ (8) other goals and objectives a municipality may identify.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2018, and applies to airport sponsors that make or plan to make changes to runway lengths or configurations on or after that date. Airport safety zoning ordinances that were approved by the commissioner and effective before August 1, 2018, remain valid until or unless the airport sponsor (1) makes or plans to make changes to runway lengths or configurations, or (2) is required to update airport safety zoning ordinances.

Sec. 112. Minnesota Statutes 2016, section 473.13, is amended by adding a subdivision to read:

Subd. 1d. **Budget changes or variances; reports.** At least quarterly by January 1, April 1, July 1, and October 1, the council must submit a summary to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over transportation policy and finance and to the

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Legislative Commission on Metropolitan Government on any changes to or variances from the budget adopted under subdivision 1.

EFFECTIVE DATE; APPLICATION. This section is effective June 1, 2018, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 113. Minnesota Statutes 2016, section 473.13, is amended by adding a subdivision to read:

Subd. 6. **Overview of revenues and expenditures; forecast.** (a) In cooperation with the Department of Management and Budget and in conjunction with the release of each forecast required by section 16A.103, the council must prepare a financial overview and forecast of revenues and expenditures for the transportation components of the council's budget.

(b) At a minimum, the financial overview and forecast must identify:

(1) actual revenues, expenditures, transfers, reserves, and balances for each of the previous four budget years;

(2) budgeted and forecasted revenues, expenditures, transfers, reserves, and balances for each year within the state forecast period; and

(3) a comparison of the information under clause (2) to the prior forecast, including any changes made.

(c) The information under paragraph (b), clauses (1) and (2), must include:

(1) a breakdown for each transportation operating budget category established by the council, including but not limited to bus, light rail transit, commuter rail, planning, special transportation service under section 473.386, and assistance to replacement service providers under section 473.388;

(2) data for both transportation operating and capital expenditures; and

(3) fund balances for each replacement service provider under section 473.388.

(d) The financial overview and forecast must summarize reserve policies, identify the methodology for cost allocation, and review revenue assumptions and variables affecting the assumptions.

(e) The council must review the financial overview and forecast information with the chairs, ranking minority members, and staff of the legislative committees with jurisdiction over finance, ways and means, and transportation finance no later than two weeks following the release of the forecast.

EFFECTIVE DATE; APPLICATION. This section is effective June 1, 2018, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 114. Minnesota Statutes 2016, section 473.13, is amended by adding a subdivision to read:

Subd. 7. **Budget assumptions.** (a) As part of the budget submission to the legislature under section 16A.11, the council must explicitly identify the assumptions used (1) to prepare the budget submission, and (2) for any underlying documentation or plans regarding transportation and transit.

(b) As part of the budget submission to the legislature under section 16A.11, the council must include copies of any report, application, or related document submitted to the Federal Transit Administration since the previous budget submission was provided to the legislature. In the budget submission, the council must explicitly identify the assumptions used to prepare each of the reports, applications, or related documents.

(c) In the budget submission to the legislature under section 16A.11, the council must include a section that provides a detailed explanation of the impact each assumption identified in paragraphs (a) and (b) has on the council's financial forecast.

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APPLICATION. This section applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 115. Minnesota Statutes 2016, section 473.386, subdivision 3, is amended to read:

Subd. 3. **Duties of council.** In implementing the special transportation service, the council ~~shall~~ must:

~~(a)~~ (1) encourage participation in the service by public, private, and private nonprofit providers of special transportation currently receiving capital or operating assistance from a public agency;

~~(b)~~ (2) when feasible and cost-efficient, contract with public, private, and private nonprofit providers that have demonstrated their ability to effectively provide service at a reasonable cost;

~~(c)~~ (3) encourage individuals using special transportation to use the type of service most appropriate to their particular needs;

~~(d)~~ (4) encourage shared rides to the greatest extent practicable;

~~(e)~~ (5) encourage public agencies that provide transportation to eligible individuals as a component of human services and educational programs to coordinate with this service and to allow reimbursement for transportation provided through the service at rates that reflect the public cost of providing that transportation;

~~(f)~~ (6) establish criteria to be used in determining individual eligibility for special transportation services;

~~(g)~~ (7) consult with the Transportation Accessibility Advisory Committee in a timely manner before changes are made in the provision of special transportation services;

~~(h)~~ (8) provide for effective administration and enforcement of council policies and standards; and

~~(i)~~ (9) ensure that, taken as a whole including contracts with public, private, and private nonprofit providers, the geographic coverage area of the special transportation service is continuous within the boundaries of the transit taxing district, as defined as of March 1, 2006, in section 473.446, subdivision 2, and any area added to the transit taxing district under section 473.4461 that received capital improvements financed in part under the United States Department of Transportation Urban Partnership Agreement program.

EFFECTIVE DATE; APPLICATION. This section is effective July 1, 2019, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 116. Minnesota Statutes 2016, section 473.386, is amended by adding a subdivision to read:

Subd. 9. **Data practices.** (a) For purposes of administering this section, and only with the consent of the data subject, the commissioner of human services and the Metropolitan Council may share the following private data on individuals eligible for special transportation services:

(1) name;

(2) date of birth;

(3) residential address; and

(4) program eligibility status with expiration date, to inform the other party of program eligibility.

(b) The commissioner of human services and the Metropolitan Council must provide notice regarding data sharing to each individual applying for or renewing eligibility to use special transportation services. The notice must seek consent to engage in data sharing under paragraph (a), and must state how and for what purposes the individual's private data will be shared between the commissioner of human services and

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the Metropolitan Council. A consent to engage in data sharing is effective until the individual's eligibility expires, but may be renewed if the individual applies to renew eligibility.

EFFECTIVE DATE; APPLICATION. This section is effective June 1, 2018, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. Within 60 days of this section's effective date, the commissioner of human services and the Metropolitan Council must provide notice regarding data sharing to each individual who is currently receiving special transportation services under Minnesota Statutes, section 473.386. The notice must provide an opportunity to opt out of data sharing under paragraph (a) of this section, and must state how and for what purposes the individual's private data will be shared between the commissioner of human services and the Metropolitan Council. An individual who is currently receiving special transportation services on this section's effective date is presumed to have consented to data sharing under paragraph (a) unless, within 60 days of the dissemination of the notice, the individual appropriately informs the commissioner of human services or the Metropolitan Council that the individual opts out of data sharing.

Sec. 117. Minnesota Statutes 2017 Supplement, section 473.4051, subdivision 2, is amended to read:

Subd. 2. **Operating costs.** (a) After operating revenue and federal money have been used to pay for light rail transit operations, 50 percent of the remaining operating costs must be paid by the state.

(b) Notwithstanding paragraph (a), all operating and ongoing capital maintenance costs must be paid from nonstate sources for a segment of a light rail transit line or line extension project that formally entered the engineering phase of the Federal Transit Administration's "New Starts" capital investment grant program between August 1, 2016, and December 31, 2016.

(c) For purposes of this subdivision, operating costs consist of the costs associated with light rail system daily operations and the maintenance costs associated with keeping light rail services and facilities operating. Operating costs do not include costs incurred to construct new buildings or facilities, purchase new vehicles, or make technology improvements.

EFFECTIVE DATE; APPLICATION. This section is effective June 1, 2018, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 118. Minnesota Statutes 2016, section 473.4051, subdivision 3, is amended to read:

Subd. 3. **Capital costs.** State money ~~may~~ must not be used ~~to pay more than ten percent of~~ for the ~~total~~ capital cost of a light rail transit project.

EFFECTIVE DATE; APPLICATION. This section is effective June 1, 2018, for appropriations encumbered on or after that date and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 119. Minnesota Statutes 2017 Supplement, section 473.4485, subdivision 2, is amended to read:

Subd. 2. **Legislative report.** (a) By October 15 in every even-numbered year, the council must prepare, in collaboration with the commissioner, a report on comprehensive transit finance in the metropolitan area. The council must submit the report electronically to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance.

(b) The report must be structured to provide financial information in six-month increments corresponding to state and local fiscal years, and must use consistent assumptions and methodologies. The report must explicitly identify and explain the assumptions and methodologies used to prepare the report. The report must comprehensively identify all funding sources and expenditures related to transit in the metropolitan area, including but not limited to:

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(1) sources and uses of funds from regional railroad authorities, joint powers agreements, counties, and cities;

(2) expenditures for transit planning, feasibility studies, alternatives analysis, and other transit project development; and

(3) expenditures for guideways, busways, regular route bus service, demand-response service, and special transportation service under section 473.386.

(c) The report must include a section that summarizes the status of (1) guideways in revenue operation, and (2) guideway projects (i) currently in study, planning, development, or construction; (ii) identified in the transportation policy plan under section 473.146; or (iii) identified in the comprehensive statewide freight and passenger rail plan under section 174.03, subdivision 1b.

(d) At a minimum, the guideways status section of the report must provide for each guideway project wholly or partially in the metropolitan area:

(1) a brief description of the project, including projected ridership;

(2) a summary of the overall status and current phase of the project;

(3) a timeline that includes (i) project phases or milestones, including any federal approvals; (ii) expected and known dates of commencement of each phase or milestone; and (iii) expected and known dates of completion of each phase or milestone;

(4) a brief progress update on specific project phases or milestones completed since the last previous submission of a report under this subdivision; and

(5) a summary financial plan that identifies, as reflected by the data and level of detail available in the latest phase of project development and to the extent available:

(i) capital expenditures, including expenditures to date and total projected expenditures, with a breakdown by committed and proposed sources of funds for the project;

(ii) estimated annual operations and maintenance expenditures reflecting the level of detail available in the current phase of the project development, with a breakdown by committed and proposed sources of funds for the project; and

(iii) if feasible, project expenditures by budget activity.

(e) The report must include a section that summarizes the status of (1) busways in revenue operation, and (2) busway projects currently in study, planning, development, or construction.

(f) The report must include a section that identifies the total ridership, farebox recovery ratio, and per-passenger operating subsidy for (1) each route and line in revenue operation by a transit provider, including guideways, busways, and regular route bus service; and (2) demand-response service and special transportation service. The section must provide data, as available on a per-passenger mile basis and must provide information for at least the previous three years. The section must identify performance standards for farebox recovery and identify each route and line that does not meet the standards.

(g) The report must also include a systemwide capacity analysis for transit operations and investment in expansion and maintenance that:

(1) provides a funding projection, annually over the ensuing ten years, and with a breakdown by committed and proposed sources of funds, of:

(i) total capital expenditures for guideways and for busways;

(ii) total operations and maintenance expenditures for guideways and for busways;

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(iii) total funding available for guideways and for busways, including from projected or estimated farebox recovery; and

(iv) total funding available for transit service in the metropolitan area; and

(2) evaluates the availability of funds and distribution of sources of funds for guideway and for busway investments.

(h) The capacity analysis under paragraph (g) must include all guideway and busway lines for which public funds are reasonably expected to be expended in planning, development, construction, revenue operation, or capital maintenance during the ensuing ten years.

(i) Local units of government must provide assistance and information in a timely manner as requested by the commissioner or council for completion of the report.

APPLICATION. This section applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 120. Minnesota Statutes 2016, section 473.606, subdivision 5, is amended to read:

Subd. 5. **Employees, others, affirmative action; prevailing wage.** The corporation ~~shall have~~ has the power to appoint engineers and other consultants, attorneys, and ~~such~~ other officers, agents, and employees as it may see fit, who ~~shall~~ must perform such duties and receive such compensation as the corporation may determine notwithstanding the provisions of section 43A.17, subdivision 9, and be removable at the pleasure of the corporation. The corporation must adopt an affirmative action plan, which ~~shall~~ must be submitted to the appropriate agency or office of the state for review and approval. The plan must include a yearly progress report to the agency or office. Whenever the corporation performs any work within the limits of a city of the first class, or establishes a minimum wage for skilled or unskilled labor in the specifications or any contract for work within one of the cities, the rate of pay to such skilled and unskilled labor must be the prevailing rate of wage for such labor in that city.

Sec. 121. Minnesota Statutes 2016, section 574.26, subdivision 1a, is amended to read:

Subd. 1a. **Exemptions: certain manufacturers; commissioner of transportation; road maintenance.** (a) Sections 574.26 to 574.32 do not apply to a manufacturer of public transit buses that manufactures at least 100 public transit buses in a calendar year. For purposes of this section, "public transit bus" means a motor vehicle designed to transport people, with a design capacity for carrying more than 40 passengers, including the driver. The term "public transit bus" does not include a school bus, as defined in section 169.011, subdivision 71.

(b) At the discretion of the commissioner of transportation, sections 574.26 to 574.32 do not apply to any projects of the Department of Transportation (1) costing less than the amount in section 471.345, subdivision 3, ~~or~~ (2) involving the permanent or semipermanent installation of heavy machinery, fixtures, or other capital equipment to be used primarily for maintenance or repair, or (3) awarded under section 161.32, subdivision 2.

(c) Sections 574.26 to 574.32 do not apply to contracts for snow removal, ice removal, grading, or other similar routine road maintenance on town roads.

Sec. 122. Laws 2014, chapter 312, article 11, section 38, subdivision 5, is amended to read:

Subd. 5. **Pilot program evaluation.** In coordination with the city, the commissioner of transportation shall evaluate effectiveness of the pilot program under this section, which must include analysis of traffic safety impacts, utility to motorists and tourists, costs and expenditures, extent of community support, and

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pilot program termination or continuation. By January 15, ~~2021~~ 2024, the commissioner shall submit a report on the evaluation to the ~~chairs and ranking minority~~ members and staff of the legislative committees with jurisdiction over transportation policy and finance.

Sec. 123. Laws 2014, chapter 312, article 11, section 38, subdivision 6, is amended to read:

Subd. 6. **Expiration.** The pilot program under this section expires January 1, ~~2022~~ 2025.

Sec. 124. **EDITING MNLARS TRANSACTIONS.**

(a) The commissioner of public safety must ensure deputy registrars are able to edit, at a minimum, the following information as part of a Minnesota Licensing and Registration System (MNLARS) transaction:

(1) personal information of the applicant;

(2) vehicle classification and information about a vehicle or trailer;

(3) sale price of a vehicle or trailer;

(4) the amount of taxes and fees; and

(5) the base value of a vehicle or trailer.

(b) The ability to edit the transactions under paragraph (a) must be available until the end of the business day following the day the transaction was initially completed.

(c) For each transaction edited, MNLARS must (1) record which individual edited the record, the date and time the record was edited, and what information was edited, and (2) include a notation that the transaction was edited.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 125. **LEGISLATIVE ROUTE NO. 180 TURNBACK; SPEED LIMIT.**

If the commissioner of transportation turns back any portion of Legislative Route No. 180 to Grant County, the speed limit on that portion of the road after it is turned back must remain 60 miles per hour.

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

Sec. 126. **LEGISLATIVE ROUTE NO. 222 REMOVED.**

(a) Minnesota Statutes, section 161.115, subdivision 153, is repealed effective the day after the commissioner of transportation receives a copy of the agreement between the commissioner and the governing body of Red Lake County to transfer jurisdiction of Legislative Route No. 222 and after the commissioner notifies the revisor of statutes under paragraph (b).

(b) The revisor of statutes shall delete the route identified in paragraph (a) from Minnesota Statutes when the commissioner of transportation sends notice to the revisor electronically or in writing that the conditions required to transfer the route have been satisfied.

Sec. 127. **LEGISLATIVE ROUTE NO. 253 REMOVED.**

(a) Minnesota Statutes, section 161.115, subdivision 184, is repealed effective the day after the commissioner of transportation receives a copy of the agreement between the commissioner and the governing

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body of Faribault County to transfer jurisdiction of Legislative Route No. 253 and after the commissioner notifies the revisor of statutes under paragraph (b).

(b) The revisor of statutes shall delete the route identified in paragraph (a) from Minnesota Statutes when the commissioner of transportation sends notice to the revisor electronically or in writing that the conditions required to transfer the route have been satisfied.

Sec. 128. **LEGISLATIVE ROUTE NO. 254 REMOVED.**

(a) Minnesota Statutes, section 161.115, subdivision 185, is repealed effective the day after the commissioner of transportation receives a copy of the agreement between the commissioner and the governing body of Faribault County to transfer jurisdiction of Legislative Route No. 254 and after the commissioner notifies the revisor of statutes under paragraph (b).

(b) The revisor of statutes shall delete the route identified in paragraph (a) from Minnesota Statutes when the commissioner of transportation sends notice to the revisor electronically or in writing that the conditions required to transfer the route have been satisfied.

Sec. 129. **LEGISLATIVE ROUTE NO. 277 REMOVED.**

(a) Minnesota Statutes, section 161.115, subdivision 208, is repealed effective June 1, 2018, or the day after the commissioner of transportation receives a copy of the agreement between the commissioner and the governing body of Chippewa County to transfer jurisdiction of Legislative Route No. 277 and after the commissioner notifies the revisor of statutes under paragraph (b), whichever is later.

(b) The revisor of statutes shall delete the route identified in paragraph (a) from Minnesota Statutes when the commissioner of transportation sends notice to the revisor electronically or in writing that the conditions required to transfer the route have been satisfied.

Sec. 130. **LEGISLATIVE ROUTE NO. 298 REMOVED.**

(a) Minnesota Statutes, section 161.115, subdivision 229, is repealed effective the day after the commissioner of transportation receives a copy of the agreement between the commissioner and the governing body of the city of Faribault to transfer jurisdiction of Legislative Route No. 298 and after the commissioner notifies the revisor of statutes under paragraph (b).

(b) The revisor of statutes shall delete the route identified in paragraph (a) from Minnesota Statutes when the commissioner of transportation sends notice to the revisor electronically or in writing that the conditions required to transfer the route have been satisfied.

Sec. 131. **LEGISLATIVE ROUTE NO. 299 REMOVED.**

(a) Minnesota Statutes, section 161.115, subdivision 230, is repealed effective the day after the commissioner of transportation receives a copy of the agreement between the commissioner and the governing body of the city of Faribault to transfer jurisdiction of Legislative Route No. 299 and after the commissioner notifies the revisor of statutes under paragraph (b).

(b) The revisor of statutes shall delete the route identified in paragraph (a) from Minnesota Statutes when the commissioner of transportation sends notice to the revisor electronically or in writing that the conditions required to transfer the route have been satisfied.

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Sec. 132. **LEGISLATIVE ROUTE NO. 323 REMOVED.**

(a) Minnesota Statutes, section 161.115, subdivision 254, is repealed effective the day after the commissioner of transportation receives a copy of the agreement between the commissioner and the governing body of the city of Faribault to transfer jurisdiction of Legislative Route No. 323 and after the commissioner notifies the revisor of statutes under paragraph (b).

(b) The revisor of statutes shall delete the route identified in paragraph (a) from Minnesota Statutes when the commissioner of transportation sends notice to the revisor electronically or in writing that the conditions required to transfer the route have been satisfied.

Sec. 133. **DEPARTMENT OF TRANSPORTATION LOAN CONVERSION AND LIEN RELEASE.**

The commissioner of transportation must (1) convert to a grant the remaining balance on Minnesota Department of Transportation Contract No. 1000714, originally executed as of June 1, 2015, with Minnesota Commercial Railway Company; (2) cancel all future payments under the contract; (3) release liens on the locomotives designated as MNNR 49 and MNNR 84; and (4) perform the appropriate filing. The commissioner is prohibited from requiring or accepting additional payments under the contract as of the effective date of this section. Notwithstanding the loan conversion and payment cancellation under this section, all other terms and conditions under Contract No. 1000714 remain effective for the duration of the period specified in the contract.

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

Sec. 134. **NORTHSTAR CORRIDOR EXTENSION; NEGOTIATIONS.**

The Department of Transportation must contact Burlington Northern Santa Fe Railway (BNSF) to negotiate an extension of the Northstar Corridor between Big Lake and St. Cloud. Negotiations under this section are subject to the following conditions:

(1) the Northstar Corridor will add at least one morning round trip departure between the St. Cloud Amtrak Depot and Big Lake Station with continuing service to Target Station each weekday, plus one evening round trip between Big Lake Station and St. Cloud Amtrak Depot that must begin at Target Station, with the departure and arrival times set so that approximately ten or more hours elapse between the morning departure and evening return each day for both round trips. The Department of Transportation may also negotiate weekend departures and arrivals between St. Cloud and Target Station;

(2) the Department of Transportation may negotiate for fewer round trip departures from Big Lake to Target Station each weekday, and fewer round trip departures on weekends;

(3) BNSF must continue to crew and dispatch all trains and provide other track-related services;

(4) the St. Cloud Metropolitan Transit Commission (MTC) must be responsible for fare collection in St. Cloud and must negotiate with Amtrak for using the Amtrak station. The MTC must negotiate an agreement with the Metropolitan Council, which is subject to approval by the city of St. Cloud, regarding the sharing of revenues and expenses related to the Amtrak Depot, fare collection, and advertising. The MTC, city of St. Cloud, and Stearns, Benton, and Sherburne Counties are prohibited from entering into agreements with the Metropolitan Council on any subject other than the operation of the Northstar Corridor;

(5) the Department of Transportation is prohibited from committing to spend any state funds on capital expenditures;

(6) the Department of Transportation is prohibited from committing to spend any more state funds on operating costs than the total sum it and the Metropolitan Council have budgeted for the Northstar Corridor; and

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(7) the Department of Transportation may negotiate with the federal government, counties and cities, or the Northstar Corridor Development Authority to provide additional funding for services necessary to extend the Northstar Corridor.

Sec. 135. **NORTHSTAR COMMUTER RAIL OPERATING COSTS; EXCEPTION.**

(a) Minnesota Statutes, section 398A.10, subdivision 2, does not apply for reserve funds available to the Anoka County Regional Railroad Authority as of June 30, 2018, that are used to pay operating and maintenance costs of Northstar Commuter Rail.

(b) This section expires on January 1, 2021.

Sec. 136. **MARKED INTERSTATE HIGHWAY 35 SIGNS.**

The commissioner of transportation must erect signs that identify and direct motorists to the campuses of Minnesota State Academy for the Deaf and Minnesota State Academy for the Blind under Minnesota Statutes, sections 125A.61 to 125A.73. At least one sign in each direction of travel must be placed on marked Interstate Highway 35, located as near as practical to exits that reasonably access the campuses. The commissioner is prohibited from removing signs for the campuses posted on marked Trunk Highway 60.

Sec. 137. **MOTOR VEHICLE TITLE AND REGISTRATION ADVISORY COMMITTEE; FIRST APPOINTMENTS; FIRST MEETING.**

Subdivision 1. **First appointments.** Appointment authorities must make first appointments to the Motor Vehicle Title and Registration Advisory Committee by September 15, 2018.

Subd. 2. **First meeting.** The commissioner of public safety or a designee must convene the first meeting of the advisory committee by November 1, 2018.

Sec. 138. **PUBLIC AWARENESS CAMPAIGN.**

The commissioner of public safety must conduct a public awareness campaign to increase public knowledge about Minnesota Statutes, section 169.18, subdivision 10.

Sec. 139. **RETROACTIVE DRIVER'S LICENSE REINSTATEMENT.**

(a) The commissioner of public safety must make an individual's driver's license eligible for reinstatement if the license is solely suspended pursuant to:

(1) Minnesota Statutes 2016, section 171.16, subdivision 2, if the person was convicted only under Minnesota Statutes, section 171.24, subdivision 1 or 2;

(2) Minnesota Statutes 2016, section 171.16, subdivision 3; or

(3) both clauses (1) and (2).

(b) By May 1, 2019, the commissioner must provide written notice to an individual whose license has been made eligible for reinstatement under paragraph (a), addressed to the licensee at the licensee's last known address.

(c) Before the license is reinstated, an individual whose driver's license is eligible for reinstatement under paragraph (a) must pay the reinstatement fee under Minnesota Statutes, section 171.20, subdivision 4.

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(d) The following applies for an individual who is eligible for reinstatement under paragraph (a), clause (1), (2), or (3), and whose license was suspended, revoked, or canceled under any other provision in Minnesota Statutes:

(1) the suspension, revocation, or cancellation under any other provision in Minnesota Statutes remains in effect;

(2) subject to clause (1), the individual may become eligible for reinstatement under paragraph (a), clause (1), (2), or (3); and

(3) the commissioner is not required to send the notice described in paragraph (b).

(e) Paragraph (a) applies notwithstanding Minnesota Statutes 2016, sections 169.92, subdivision 4; 171.16, subdivision 2 or 3; or any other law to the contrary.

EFFECTIVE DATE. This section is effective April 1, 2019.

Sec. 140. **COMMERCIAL DRIVER'S LICENSE FEDERAL REGULATION WAIVER REQUEST.**

For the sole purpose of authorizing a person to drive a bus with no passengers to deliver the bus to the purchaser, the commissioner of public safety must apply to the Federal Motor Carrier Safety Administration for a waiver from Code of Federal Regulations, title 49, section 383.93, and any other federal rule or regulation that requires a person to have a passenger endorsement.

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

Sec. 141. **REVISOR INSTRUCTIONS.**

(a) The revisor of statutes shall renumber Minnesota Statutes, section 160.02, subdivision 27a, as Minnesota Statutes, section 169.011, subdivision 73a. The revisor shall correct any cross-references made necessary by this renumbering.

(b) The revisor of statutes shall change the term "special revenue fund" to "driver and vehicle services fund" wherever the term appears in Minnesota Statutes when referring to the accounts under Minnesota Statutes, section 299A.705.

Sec. 142. **REPEALER.**

(a) Minnesota Statutes 2016, section 168.013, subdivision 21, is repealed.

(b) Minnesota Statutes 2016, section 221.161, subdivisions 2, 3, and 4, are repealed.

(c) Minnesota Statutes 2016, sections 360.063, subdivision 4; 360.065, subdivision 2; and 360.066, subdivisions 1a and 1b, are repealed.

EFFECTIVE DATE; APPLICATION. Paragraph (c) is effective August 1, 2018, and applies to airport sponsors that make or plan to make changes to runway lengths or configurations on or after that date. Airport safety zoning ordinances that were approved by the commissioner and effective before August 1, 2018, remain valid until or unless the airport sponsor (1) makes or plans to make changes to runway lengths or configurations, or (2) is required to update airport safety zoning ordinances.

ARTICLE 25

AGRICULTURE APPROPRIATIONS

Section 1. Laws 2007, chapter 45, article 1, section 4, is amended to read:

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Sec. 4. **BOARD OF ANIMAL HEALTH** **$ 3,574,000 $ 3,455,000**

$448,000 the first year and $363,000 the second year are for bovine tuberculosis eradication and surveillance in cattle herds. Of this amount, $159,000 is permanent.

$100,000 the first year is for reimbursements under Minnesota Statutes, section 35.085. This appropriation is available until ~~spent~~ June 30, 2021, at which time any remaining balance shall be transferred to the agricultural emergency account under Minnesota Statutes, section 17.041.

$200,000 the first year and $200,000 the second year are for a program to control paratuberculosis (Johne's disease) in domestic bovine herds.

$80,000 the first year and $80,000 the second year are for a program to investigate the avian pneumovirus disease and to identify the infected flocks. This appropriation must be matched on a dollar-for-dollar or in-kind basis with nonstate sources and is in addition to money currently designated for turkey disease research. Costs of blood sample collection, handling, and transportation, in addition to costs associated with early diagnosis tests and the expenses of vaccine research trials, may be credited to the match.

$400,000 the first year and $400,000 the second year are for the purposes of cervidae inspection as authorized in Minnesota Statutes, section 35.155.

Sec. 2. Laws 2017, chapter 88, article 1, section 2, subdivision 2, is amended to read:

Subd. 2. **Protection Services** 17,821,000 17,825,000

Appropriations by Fund

	2018	2019
General	17,428,000	17,428,000
Remediation	393,000	397,000

(a) $25,000 the first year and $25,000 the second year are to develop and maintain cottage food license exemption outreach and training materials.

(b) $75,000 the first year and $75,000 the second year are to coordinate the correctional facility vocational training program and to assist entities that have explored the feasibility of establishing a USDA-certified or state "equal to" food processing facility within 30 miles of the Northeast Regional Corrections Center.

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(c) $125,000 the first year and $125,000 the second year are for additional funding for the noxious weed and invasive plant program. These are onetime appropriations.

(d) $250,000 the first year and $250,000 the second year are for transfer to the pollinator habitat and research account in the agricultural fund. These are onetime transfers.

(e) $393,000 the first year and $397,000 the second year are from the remediation fund for administrative funding for the voluntary cleanup program.

(f) $200,000 the first year and $200,000 the second year are for the industrial hemp pilot program under Minnesota Statutes, section 18K.09. These are onetime appropriations.

(g) $175,000 the first year and $175,000 the second year are for compensation for destroyed or crippled livestock under Minnesota Statutes, section 3.737. This appropriation may be spent to compensate for livestock that were destroyed or crippled during fiscal year 2017. If the amount in the first year is insufficient, the amount in the second year is available in the first year. The commissioner may use up to $5,000 of this appropriation the second year to reimburse expenses incurred by university extension agents to provide fair market values of destroyed or crippled livestock.

(h) $155,000 the first year and $155,000 the second year are for compensation for crop damage under Minnesota Statutes, section 3.7371. If the amount in the first year is insufficient, the amount in the second year is available in the first year. The commissioner may use up to $30,000 of the appropriation each year to reimburse expenses incurred by the commissioner or the commissioner's approved agent to investigate and resolve claims.

If the commissioner determines that claims made under Minnesota Statutes, section 3.737 or 3.7371, are unusually high, amounts appropriated for either program may be transferred to the appropriation for the other program.

(i) $250,000 the first year and $250,000 the second year are to expand current capabilities for rapid detection, identification, containment, control, and management of high priority plant pests and pathogens. These are onetime appropriations.

(j) $300,000 the first year and $300,000 the second year are for transfer to the noxious weed and invasive

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plant species assistance account in the agricultural fund to award grants to local units of government under Minnesota Statutes, section 18.90, with preference given to local units of government responding to Palmer amaranth or other weeds on the eradicate list. These are onetime transfers.

(k) $120,000 the first year and $120,000 the second year are for wolf-livestock conflict prevention grants under article 2, section 89. The commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture policy and finance by January 15, 2020, on the outcomes of the wolf-livestock conflict prevention grants and whether livestock compensation claims were reduced in the areas that grants were awarded. These are onetime appropriations.

Sec. 3. Laws 2017, chapter 88, article 1, section 2, subdivision 4, is amended to read:

Subd. 4. **Agriculture, Bioenergy, and Bioproduct Advancement**	22,581,000	~~22,636,000~~ 22,386,000

(a) $9,300,000 the first year and $9,300,000 the second year are for transfer to the agriculture research, education, extension, and technology transfer account under Minnesota Statutes, section 41A.14, subdivision 3. Of these amounts: at least $600,000 the first year and $600,000 the second year are for the Minnesota Agricultural Experiment Station's agriculture rapid response fund under Minnesota Statutes, section 41A.14, subdivision 1, clause (2); $2,000,000 the first year and $2,000,000 the second year are for grants to the Minnesota Agriculture Education Leadership Council to enhance agricultural education with priority given to Farm Business Management challenge grants; $350,000 the first year and $350,000 the second year are for potato breeding; and $450,000 the first year and $450,000 the second year are for the cultivated wild rice breeding project at the North Central Research and Outreach Center to include a tenure track/research associate plant breeder. The commissioner shall transfer the remaining funds in this appropriation each year to the Board of Regents of the University of Minnesota for purposes of Minnesota Statutes, section 41A.14. Of the amount transferred to the Board of Regents, up to $1,000,000 each year is for research on avian influenza, including prevention measures that can be taken.

To the extent practicable, funds expended under Minnesota Statutes, section 41A.14, subdivision 1, clauses (1) and (2), must supplement and not supplant

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existing sources and levels of funding. The commissioner may use up to one percent of this appropriation for costs incurred to administer the program.

(b) $13,256,000 the first year and ~~$13,311,000~~ $13,061,000 the second year are for the agricultural growth, research, and innovation program in Minnesota Statutes, section 41A.12. Except as provided below, the commissioner may allocate the appropriation each year among the following areas: facilitating the start-up, modernization, or expansion of livestock operations including beginning and transitioning livestock operations; developing new markets for Minnesota farmers by providing more fruits, vegetables, meat, grain, and dairy for Minnesota school children; assisting value-added agricultural businesses to begin or expand, access new markets, or diversify; providing funding not to exceed $250,000 each year for urban youth agricultural education or urban agriculture community development; providing funding not to exceed $250,000 each year for the good food access program under Minnesota Statutes, section 17.1017; facilitating the start-up, modernization, or expansion of other beginning and transitioning farms including by providing loans under Minnesota Statutes, section 41B.056; sustainable agriculture on-farm research and demonstration; development or expansion of food hubs and other alternative community-based food distribution systems; enhancing renewable energy infrastructure and use; crop research; Farm Business Management tuition assistance; good agricultural practices/good handling practices certification assistance; establishing and supporting farmer-led water management councils; and implementing farmer-led water quality improvement practices. For fiscal year 2019, the commissioner shall reduce by a total of $250,000 the planned expenditures for urban youth agricultural education, urban agriculture community development, the good food access program, and the farm-to-school program. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program.

Of the amount appropriated for the agricultural growth, research, and innovation program in Minnesota Statutes, section 41A.12:

(1) $1,000,000 the first year and $1,000,000 the second year are for distribution in equal amounts to each of the state's county fairs to preserve and promote Minnesota agriculture; and

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(2) $1,500,000 the first year and $1,500,000 the second year are for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, and 41A.18. Notwithstanding Minnesota Statutes, section 16A.28, the first year appropriation is available until June 30, 2019, and the second year appropriation is available until June 30, 2020. If this appropriation exceeds the total amount for which all producers are eligible in a fiscal year, the balance of the appropriation is available for the agricultural growth, research, and innovation program.

The commissioner may use funds appropriated under this subdivision to award up to two value-added agriculture grants per year of up to $1,000,000 per grant for new or expanding agricultural production or processing facilities that provide significant economic impact to the region. The commissioner may use funds appropriated under this subdivision for additional value-added agriculture grants for awards between $1,000 and $200,000 per grant.

Appropriations in clauses (1) and (2) are onetime. Any unencumbered balance does not cancel at the end of the first year and is available for the second year. Notwithstanding Minnesota Statutes, section 16A.28, appropriations encumbered under contract on or before June 30, 2019, for agricultural growth, research, and innovation grants are available until June 30, 2021.

The base budget for the agricultural growth, research, and innovation program is ~~$14,275,000~~ $14,025,000 for fiscal years 2020 and 2021 and includes funding for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, 41A.18, and 41A.20.

The commissioner must develop additional innovative production incentive programs to be funded by the agricultural growth, research, and innovation program.

The commissioner must consult with the commissioner of transportation, the commissioner of administration, and local units of government to identify parcels of publicly owned land that are suitable for urban agriculture.

(c) $25,000 the first year and $25,000 the second year are for grants to the Southern Minnesota Initiative Foundation to promote local foods through an annual event that raises public awareness of local foods and connects local food producers and processors with potential buyers.

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Sec. 4. Laws 2017, chapter 88, article 1, section 2, subdivision 5, is amended to read:

		~~8,691,000~~
Subd. 5. **Administration and Financial Assistance**	8,698,000	8,938,000

(a) $474,000 the first year and $474,000 the second year are for payments to county and district agricultural societies and associations under Minnesota Statutes, section 38.02, subdivision 1. Aid payments to county and district agricultural societies and associations shall be disbursed no later than July 15 of each year. These payments are the amount of aid from the state for an annual fair held in the previous calendar year.

(b) $1,000 the first year and $1,000 the second year are for grants to the Minnesota State Poultry Association.

(c) $18,000 the first year and $18,000 the second year are for grants to the Minnesota Livestock Breeders Association.

(d) $47,000 the first year and $47,000 the second year are for the Northern Crops Institute. These appropriations may be spent to purchase equipment.

(e) $220,000 the first year and ~~$220,000~~ $250,000 the second year are for farm advocate services.

(f) $17,000 the first year and $17,000 the second year are for grants to the Minnesota Horticultural Society.

(g) $108,000 the first year and $108,000 the second year are for annual grants to the Minnesota Turf Seed Council for basic and applied research on: (1) the improved production of forage and turf seed related to new and improved varieties; and (2) native plants, including plant breeding, nutrient management, pest management, disease management, yield, and viability. The grant recipient may subcontract with a qualified third party for some or all of the basic or applied research. Any unencumbered balance does not cancel at the end of the first year and is available for the second year. These are onetime appropriations.

(h) $113,000 the first year and ~~$113,000~~ $330,000 the second year are for transfer to the Board of Trustees of the Minnesota State Colleges and Universities for statewide mental health counseling support to farm families and business operators through the Minnesota State Agricultural Centers of Excellence. South Central College and Central Lakes College shall serve as the fiscal ~~agent~~ agents.

(i) $550,000 the first year and $550,000 the second year are for grants to Second Harvest Heartland on

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behalf of Minnesota's six Feeding America food banks for the purchase of milk for distribution to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks. Milk purchased under the grants must be acquired from Minnesota milk processors and based on low-cost bids. The milk must be allocated to each Feeding America food bank serving Minnesota according to the formula used in the distribution of United States Department of Agriculture commodities under The Emergency Food Assistance Program (TEFAP). Second Harvest Heartland must submit quarterly reports to the commissioner on forms prescribed by the commissioner. The reports must include, but are not limited to, information on the expenditure of funds, the amount of milk purchased, and the organizations to which the milk was distributed. Second Harvest Heartland may enter into contracts or agreements with food banks for shared funding or reimbursement of the direct purchase of milk. Each food bank receiving money from this appropriation may use up to two percent of the grant for administrative expenses. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(j) $1,100,000 the first year and $1,100,000 the second year are for grants to Second Harvest Heartland on behalf of the six Feeding America food banks that serve Minnesota to compensate agricultural producers and processors for costs incurred to harvest and package for transfer surplus fruits, vegetables, and other agricultural commodities that would otherwise go unharvested, be discarded, or sold in a secondary market. Surplus commodities must be distributed statewide to food shelves and other charitable organizations that are eligible to receive food from the food banks. Surplus food acquired under this appropriation must be from Minnesota producers and processors. Second Harvest Heartland must report in the form prescribed by the commissioner. Second Harvest Heartland may use up to 15 percent of each grant for ~~matching~~ administrative and transportation expenses. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(k) $150,000 the first year and $150,000 the second year are for grants to the Center for Rural Policy and Development.

(l) $235,000 the first year and $235,000 the second year are for grants to the Minnesota Agricultural Education and Leadership Council for programs of the council under Minnesota Statutes, chapter 41D.

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(m) $600,000 the first year and $600,000 the second year are for grants to the Board of Regents of the University of Minnesota to develop, in consultation with the commissioner of agriculture and the Board of Animal Health, a software tool or application through the Veterinary Diagnostic Laboratory that empowers veterinarians and producers to understand the movement of unique pathogen strains in livestock and poultry production systems, monitor antibiotic resistance, and implement effective biosecurity measures that promote animal health and limit production losses. These are onetime appropriations.

(n) $150,000 the first year is for the tractor rollover protection pilot program under Minnesota Statutes, section 17.119. This is a onetime appropriation and is available until June 30, 2019.

(o) $400,000 the first year is for a grant to the Board of Trustees of the Minnesota State Colleges and Universities to expand and renovate the GROW-IT Center at Metropolitan State University. This is a onetime appropriation.

By January 15, 2018, the commissioner shall submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over agricultural policy and finance with a list of inspections the department conducts at more frequent intervals than federal law requires, an explanation of why the additional inspections are necessary, and provide recommendations for eliminating any unnecessary inspections.

ARTICLE 26

AGRICULTURE STATUTORY CHANGES

Section 1. Minnesota Statutes 2016, section 18C.425, subdivision 6, is amended to read:

Subd. 6. **Payment of inspection fee.** (a) The person who registers and distributes in the state a specialty fertilizer, soil amendment, or plant amendment under section 18C.411 shall pay the inspection fee to the commissioner.

(b) The person licensed under section 18C.415 who distributes a fertilizer to a person not required to be so licensed shall pay the inspection fee to the commissioner, except as exempted under section 18C.421, subdivision 1, paragraph (b).

(c) The person responsible for payment of the inspection fees for fertilizers, soil amendments, or plant amendments sold and used in this state must pay an inspection fee of 39 cents per ton, and until June 30, ~~2019~~ 2029, an additional 40 cents per ton, of fertilizer, soil amendment, and plant amendment sold or distributed in this state, with a minimum of $10 on all tonnage reports. Notwithstanding section 18C.131, the commissioner must deposit all revenue from the additional 40 cents per ton fee in the agricultural fertilizer research and education account in section 18C.80. Products sold or distributed to manufacturers or exchanged

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between them are exempt from the inspection fee imposed by this subdivision if the products are used exclusively for manufacturing purposes.

(d) A registrant or licensee must retain invoices showing proof of fertilizer, plant amendment, or soil amendment distribution amounts and inspection fees paid for a period of three years.

Sec. 2. Minnesota Statutes 2017 Supplement, section 18C.70, subdivision 5, is amended to read:

Subd. 5. **Expiration.** This section expires June 30, ~~2020~~ 2030.

Sec. 3. Minnesota Statutes 2017 Supplement, section 18C.71, subdivision 4, is amended to read:

Subd. 4. **Expiration.** This section expires June 30, ~~2020~~ 2030.

Sec. 4. Minnesota Statutes 2016, section 18C.80, subdivision 2, is amended to read:

Subd. 2. **Expiration.** This section expires June 30, ~~2020~~ 2030.

Sec. 5. Minnesota Statutes 2016, section 21.89, subdivision 2, is amended to read:

Subd. 2. **Permits; issuance and revocation.** The commissioner shall issue a permit to the initial labeler of agricultural, vegetable, flower, and wildflower seeds which are sold for use in Minnesota and which conform to and are labeled under sections 21.80 to 21.92. The categories of permits are as follows:

(1) for initial labelers who sell 50,000 pounds or less of agricultural seed each calendar year, an annual permit issued for a fee established in section 21.891, subdivision 2, paragraph (b);

(2) for initial labelers who sell vegetable, flower, and wildflower seed packed for use in home gardens or household plantings, ~~and initial labelers who sell native grasses and wildflower seed in commercial or agricultural quantities,~~ an annual permit issued for a fee established in section 21.891, subdivision 2, paragraph (c), based upon the gross sales from the previous year; and

(3) for initial labelers who sell more than 50,000 pounds of agricultural seed each calendar year, a permanent permit issued for a fee established in section 21.891, subdivision 2, paragraph (d).

In addition, the person shall furnish to the commissioner an itemized statement of all seeds sold in Minnesota for the periods established by the commissioner. This statement shall be delivered, along with the payment of the fee, based upon the amount and type of seed sold, to the commissioner no later than 30 days after the end of each reporting period. Any person holding a permit shall show as part of the analysis labels or invoices on all agricultural, vegetable, flower, wildflower, tree, or shrub seeds all information the commissioner requires. The commissioner may revoke any permit in the event of failure to comply with applicable laws and rules.

Sec. 6. Minnesota Statutes 2016, section 28A.16, is amended to read:

28A.16 PERSONS SELLING LIQUOR.

(a) The provisions of the Minnesota consolidated food licensing law, sections 28A.01 to 28A.16 and acts amendatory thereto, shall not apply to persons licensed to sell 3.2 percent malt liquor "on-sale" as provided in section 340A.403, or to persons licensed to sell intoxicating liquors "on-sale" or "off-sale" as provided in sections 340A.404 to 340A.407, provided that these persons sell only ice manufactured and packaged by another, or bottled or canned soft drinks and prepacked candy at retail.

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(b) When an exclusive liquor store is not exempt under paragraph (a), the commissioner must exclude all gross sales of off-sale alcoholic beverages when determining the applicable license fee under section 28A.08, subdivision 3. For purposes of this paragraph, "exclusive liquor store" and "alcoholic beverage" have the meanings given in section 340A.101.

Sec. 7. Minnesota Statutes 2016, section 41A.15, is amended by adding a subdivision to read:

Subd. 2e. **Biomass.** "Biomass" means any organic matter that is available on a renewable or recurring basis, including agricultural crops and trees, wood and wood waste and residues, plants including aquatic plants, grasses, residues, fibers, animal waste, and the organic portion of solid wastes.

Sec. 8. Minnesota Statutes 2016, section 41A.15, subdivision 10, is amended to read:

Subd. 10. **Renewable chemical.** "Renewable chemical" means a chemical ~~with biobased content.~~, polymer, monomer, plastic, or composite material that is entirely produced from biomass.

Sec. 9. Minnesota Statutes 2016, section 41A.16, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must source from Minnesota at least 80 percent ~~raw materials from Minnesota.~~ of the biomass used to produce an advanced biofuel, except that, if a facility is sited 50 miles or less from the state border, ~~raw materials~~ biomass used to produce an advanced biofuel may be sourced from outside of Minnesota, but only if at least 80 percent of the biomass is sourced from within a 100-mile radius of the facility or from within Minnesota. ~~Raw materials must be from agricultural or forestry sources or from solid waste.~~ The facility must be located in Minnesota, must begin production at a specific location by June 30, 2025, and must not begin operating above 23,750 MMbtu of quarterly advanced biofuel production before July 1, 2015. Eligible facilities include existing companies and facilities that are adding advanced biofuel production capacity, or retrofitting existing capacity, as well as new companies and facilities. Production of conventional corn ethanol and conventional biodiesel is not eligible. Eligible advanced biofuel facilities must produce at least ~~23,750~~ 1,500 MMbtu of advanced biofuel quarterly.

(b) No payments shall be made for advanced biofuel production that occurs after June 30, 2035, for those eligible biofuel producers under paragraph (a).

(c) An eligible producer of advanced biofuel shall not transfer the producer's eligibility for payments under this section to an advanced biofuel facility at a different location.

(d) A producer that ceases production for any reason is ineligible to receive payments under this section until the producer resumes production.

(e) Renewable chemical production for which payment has been received under section 41A.17, and biomass thermal production for which payment has been received under section 41A.18, are not eligible for payment under this section.

(f) Biobutanol is eligible under this section.

Sec. 10. Minnesota Statutes 2016, section 41A.16, subdivision 2, is amended to read:

Subd. 2. **Payment amounts; limits.** (a) The commissioner shall make payments to eligible producers of advanced biofuel. The amount of the payment for each eligible producer's annual production is $2.1053 per MMbtu for advanced biofuel production from cellulosic biomass, and $1.053 per MMbtu for advanced biofuel production from sugar ~~or~~, starch, oil, or animal fat at a specific location for ten years after the start of production.

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(b) Total payments under this section to an eligible biofuel producer in a fiscal year may not exceed the amount necessary for 2,850,000 MMbtu of biofuel production. Total payments under this section to all eligible biofuel producers in a fiscal year may not exceed the amount necessary for 17,100,000 MMbtu of biofuel production. The commissioner shall award payments on a first-come, first-served basis within the limits of available funding.

(c) For purposes of this section, an entity that holds a controlling interest in more than one advanced biofuel facility is considered a single eligible producer.

Sec. 11. Minnesota Statutes 2016, section 41A.17, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this ~~program~~ section must source from Minnesota at least 80 percent ~~biobased content from Minnesota.~~ of the biomass used to produce a renewable chemical, except that, if a facility is sited 50 miles or less from the state border, ~~biobased content must~~ biomass used to produce a renewable chemical may be sourced from outside of Minnesota, but only if at least 80 percent of the biomass is sourced from within a 100-mile radius of the facility or from within Minnesota. ~~Biobased content must be from agricultural or forestry sources or from solid waste.~~ The facility must be located in Minnesota, must begin production at a specific location by June 30, 2025, and must not begin production of ~~750,000~~ 250,000 pounds of chemicals quarterly before January 1, 2015. Eligible facilities include existing companies and facilities that are adding production capacity, or retrofitting existing capacity, as well as new companies and facilities. Eligible renewable chemical facilities must produce at least ~~750,000~~ 250,000 pounds of renewable chemicals quarterly. Renewable chemicals produced through processes that are fully commercial before January 1, 2000, are not eligible.

(b) No payments shall be made for renewable chemical production that occurs after June 30, 2035, for those eligible renewable chemical producers under paragraph (a).

(c) An eligible producer of renewable chemicals shall not transfer the producer's eligibility for payments under this section to a renewable chemical facility at a different location.

(d) A producer that ceases production for any reason is ineligible to receive payments under this section until the producer resumes production.

(e) Advanced biofuel production for which payment has been received under section 41A.16, and biomass thermal production for which payment has been received under section 41A.18, are not eligible for payment under this section.

Sec. 12. Minnesota Statutes 2016, section 41A.18, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must source from Minnesota at least 80 percent ~~raw materials from Minnesota.~~ of the biomass used for biomass thermal production, except that, if a facility is sited 50 miles or less from the state border, ~~raw materials should~~ biomass used for biomass thermal production may be sourced from outside of Minnesota, but only if at least 80 percent of the biomass is sourced from within a 100-mile radius of the facility, or from within Minnesota. ~~Raw materials~~ Biomass must be from agricultural or forestry sources. The facility must be located in Minnesota, must have begun production at a specific location by June 30, 2025, and must not begin before July 1, 2015. Eligible facilities include existing companies and facilities that are adding production capacity, or retrofitting existing capacity, as well as new companies and facilities. Eligible biomass thermal production facilities must produce at least 250 MMbtu of biomass thermal quarterly.

(b) No payments shall be made for biomass thermal production that occurs after June 30, 2035, for those eligible biomass thermal producers under paragraph (a).

(c) An eligible producer of biomass thermal production shall not transfer the producer's eligibility for payments under this section to a biomass thermal production facility at a different location.

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(d) A producer that ceases production for any reason is ineligible to receive payments under this section until the producer resumes production.

(e) Biofuel production for which payment has been received under section 41A.16, and renewable chemical production for which payment has been received under section 41A.17, are not eligible for payment under this section.

Sec. 13. Minnesota Statutes 2016, section 41B.056, subdivision 2, is amended to read:

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

(b) "Intermediary" means any lending institution or other organization of a for-profit or nonprofit nature that is in good standing with the state of Minnesota that has the appropriate business structure and trained personnel suitable to providing efficient disbursement of loan funds and the servicing and collection of loans.

(c) "Specialty crops" means crops produced in an aquaculture system and agricultural crops, such as annuals, flowers, perennials, and other horticultural products, that are intensively cultivated.

(d) "Eligible livestock" means fish produced in an aquaculture system, beef cattle, dairy cattle, swine, poultry, goats, mules, farmed Cervidae, Ratitae, bison, sheep, horses, and llamas.

ARTICLE 27

HOUSING

Section 1. Minnesota Statutes 2016, section 299D.085, is amended by adding a subdivision to read:

Subd. 3a. **Trailer use.** A vehicle or a combination of vehicles may tow a trailer during the movement of an overdimensional load if:

(1) the party involved is a building mover licensed by the commissioner of transportation under section 221.81;

(2) the building being moved is not a temporary structure;

(3) the overdimensional load is a manufactured home, as defined under section 327.31; or

(4) the overdimensional load is a modular home, as defined under section 297A.668, subdivision 8, paragraph (b).

Sec. 2. Minnesota Statutes 2016, section 327.31, is amended by adding a subdivision to read:

Subd. 23. **Modular home.** "Modular home" means a building or structural unit of closed construction that has been substantially manufactured or constructed, in whole or in part, at an off-site location, with the final assembly occurring on site alone or with other units and attached to a foundation designed to the State Building Code and occupied as a single-family dwelling. Modular home construction must comply with applicable standards adopted in Minnesota Rules, chapter 1360 or 1361.

Sec. 3. **[327.335] PLACEMENT OF MODULAR HOMES.**

A modular home may be placed in a manufactured home park as defined in section 327.14, subdivision 3. A modular home placed in a manufactured home park is a manufactured home for purposes of chapters 327C and 504B and all rights, obligations, and duties, under those chapters apply. A modular home may not be placed in a manufactured home park without prior written approval of the park owner. Nothing in

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this section shall be construed to inhibit the application of zoning, subdivision, architectural, or esthetic requirements pursuant to chapters 394 and 462 that otherwise apply to manufactured homes and manufactured home parks. A modular home placed in a manufactured home park under this section shall be assessed and taxed as a manufactured home.

Sec. 4. Minnesota Statutes 2016, section 327C.095, subdivision 4, is amended to read:

Subd. 4. **Public hearing; relocation compensation; neutral third party.** Within 60 days after receiving notice of a closure statement, the governing body of the affected municipality shall hold a public hearing to review the closure statement and any impact that the park closing may have on the displaced residents and the park owner. At the time of, and in the notice for, the public hearing, displaced residents must be informed that they may be eligible for payments from the Minnesota manufactured home relocation trust fund under section 462A.35 as compensation for reasonable relocation costs under subdivision 13, paragraphs (a) and (e).

The governing body of the municipality may also require that other parties, including the municipality, but excluding the park owner or its purchaser, involved in the park closing provide additional compensation to residents to mitigate the adverse financial impact of the park closing upon the residents.

At the public hearing, the municipality shall appoint a qualified neutral third party, to be agreed upon by both the manufactured home park owner and manufactured home owners, whose hourly cost must be reasonable and paid from the Minnesota manufactured home relocation trust fund. The neutral third party shall act as a paymaster and arbitrator, with decision-making authority to resolve any questions or disputes regarding any contributions or disbursements to and from the Minnesota manufactured home relocation trust fund by either the manufactured home park owner or the manufactured home owners. If the parties cannot agree on a neutral third party, the municipality will ~~make a determination~~ determine who shall act as the neutral third party.

The qualified neutral third party shall be familiar with manufactured housing and the requirements of this section. The neutral third party shall keep an overall receipts and cost summary together with a detailed accounting, for each manufactured lot, of the payments received by the manufactured home park owner, and expenses approved and payments disbursed to the manufactured home owners, pursuant to subdivisions 12 and 13, as well as a record of all services and hours it provided and at what hourly rate it charged to the Minnesota manufactured home trust fund. This detailed accounting shall be provided to the manufactured home park owner, the municipality, and the Minnesota Housing Finance Agency to be included in its yearly October 15 report as required in subdivision 13, paragraph (h), not later than 30 days after the expiration of the nine-month notice provided in the closure statement.

Sec. 5. Minnesota Statutes 2016, section 327C.095, subdivision 6, is amended to read:

Subd. 6. **Intent to convert use of park at time of purchase.** Before the execution of an agreement to purchase a manufactured home park, the purchaser must notify the park owner, in writing, if the purchaser intends to close the manufactured home park or convert it to another use within one year of the execution of the agreement. The park owner shall provide a resident of each manufactured home with a 45-day written notice of the purchaser's intent to close the park or convert it to another use. The notice must state that the park owner will provide information on the cash price and the terms and conditions of the purchaser's offer to residents requesting the information. The notice must be sent by first class mail to a resident of each manufactured home in the park. The notice period begins on the postmark date affixed to the notice and ends 45 days after it begins. During the notice period required in this subdivision, the owners of at least 51 percent of the manufactured homes in the park or a nonprofit organization which has the written permission of the owners of at least 51 percent of the manufactured homes in the park to represent them in the acquisition of the park shall have the right to meet the cash price and execute an agreement to purchase the park for the purposes of keeping the park as a manufactured housing community, provided that the owners or nonprofit

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organization will covenant and warrant to the park owner in the agreement that they will continue to operate the park for not less than six years from the date of closing. The park owner must accept the offer if it meets the cash price and the same terms and conditions set forth in the purchaser's offer except that the seller is not obligated to provide owner financing. For purposes of this section, cash price means the cash price offer or equivalent cash offer as defined in section 500.245, subdivision 1, paragraph (d).

Sec. 6. Minnesota Statutes 2016, section 327C.095, subdivision 12, is amended to read:

Subd. 12. **Payment to the Minnesota manufactured home relocation trust fund.** (a) If a manufactured home owner is required to move due to the conversion of all or a portion of a manufactured home park to another use, the closure of a park, or cessation of use of the land as a manufactured home park, the manufactured park owner shall, upon the change in use, pay to the commissioner of management and budget for deposit in the Minnesota manufactured home relocation trust fund under section 462A.35, the lesser amount of the actual costs of moving or purchasing the manufactured home approved by the neutral third party and paid by the Minnesota Housing Finance Agency under subdivision 13, paragraph (a) or (e), or $3,250 for each single section manufactured home, and $6,000 for each multisection manufactured home, for which a manufactured home owner has made application for payment of relocation costs under subdivision 13, paragraph (c). The manufactured home park owner shall make payments required under this section to the Minnesota manufactured home relocation trust fund within 60 days of receipt of invoice from the neutral third party.

(b) A manufactured home park owner is not required to make the payment prescribed under paragraph (a), nor is a manufactured home owner entitled to compensation under subdivision 13, paragraph (a) or (e), if:

(1) the manufactured home park owner relocates the manufactured home owner to another space in the manufactured home park or to another manufactured home park at the park owner's expense;

(2) the manufactured home owner is vacating the premises and has informed the manufactured home park owner or manager of this prior to the mailing date of the closure statement under subdivision 1;

(3) a manufactured home owner has abandoned the manufactured home, or the manufactured home owner is not current on the monthly lot rental, personal property taxes;

(4) the manufactured home owner has a pending eviction action for nonpayment of lot rental amount under section 327C.09, which was filed against the manufactured home owner prior to the mailing date of the closure statement under subdivision 1, and the writ of recovery has been ordered by the district court;

(5) the conversion of all or a portion of a manufactured home park to another use, the closure of a park, or cessation of use of the land as a manufactured home park is the result of a taking or exercise of the power of eminent domain by a governmental entity or public utility; or

(6) the owner of the manufactured home is not a resident of the manufactured home park, as defined in section 327C.01, subdivision 9, or the owner of the manufactured home is a resident, but came to reside in the manufactured home park after the mailing date of the closure statement under subdivision 1.

(c) If the unencumbered fund balance in the manufactured home relocation trust fund is less than ~~$1,000,000~~ $3,000,000 as of June 30 of each year, the commissioner of management and budget shall assess each manufactured home park owner by mail the total amount of $15 for each licensed lot in their park, payable on or before ~~September~~ November 15 of that year. ~~The commissioner of management~~ Failure to notify and ~~budget shall deposit any payments in the Minnesota~~ timely assess the manufactured home ~~relocation trust fund. On or before July 15 of~~ park owner by August 30 of any year shall waive the assessment and payment obligations of the manufactured home park owner for that year. Together with said assessment notice, each year~~,~~ the commissioner of management and budget shall prepare and distribute to park owners a letter explaining whether funds are being collected for that year, information about the collection, an

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invoice for all licensed lots, and a sample form for the park owners to collect information on which park residents have been accounted for. If assessed under this paragraph, the park owner may recoup the cost of the $15 assessment as a lump sum or as a monthly fee of no more than $1.25 collected from park residents together with monthly lot rent as provided in section 327C.03, subdivision 6. Park owners may adjust payment for lots in their park that are vacant or otherwise not eligible for contribution to the trust fund under section 327C.095, subdivision 12, paragraph (b), and for park residents who have not paid the $15 assessment to the park owner by October 15, and deduct from the assessment accordingly. The commissioner of management and budget shall deposit any payments in the Minnesota manufactured home relocation trust fund.

(d) This subdivision and subdivision 13, paragraph (c), clause (5), are enforceable by the neutral third party, on behalf of the Minnesota Housing Finance Agency, or by action in a court of appropriate jurisdiction. The court may award a prevailing party reasonable attorney fees, court costs, and disbursements.

Sec. 7. Minnesota Statutes 2016, section 327C.095, subdivision 13, is amended to read:

Subd. 13. **Change in use, relocation expenses; payments by park owner.** (a) If a manufactured home owner is required to relocate due to the conversion of all or a portion of a manufactured home park to another use, the closure of a manufactured home park, or cessation of use of the land as a manufactured home park under subdivision 1, and the manufactured home owner complies with the requirements of this section, the manufactured home owner is entitled to payment from the Minnesota manufactured home relocation trust fund equal to the manufactured home owner's actual relocation costs for relocating the manufactured home to a new location within a ~~25~~ 50-mile radius of the park that is being closed, up to a maximum of $7,000 for a single-section and $12,500 for a multisection manufactured home. The actual relocation costs must include the reasonable cost of taking down, moving, and setting up the manufactured home, including equipment rental, utility connection and disconnection charges, minor repairs, modifications necessary for transportation of the home, necessary moving permits and insurance, moving costs for any appurtenances, which meet applicable local, state, and federal building and construction codes.

(b) A manufactured home owner is not entitled to compensation under paragraph (a) if the manufactured home park owner is not required to make a payment to the Minnesota manufactured home relocation trust fund under subdivision 12, paragraph (b).

(c) Except as provided in paragraph (e), in order to obtain payment from the Minnesota manufactured home relocation trust fund, the manufactured home owner shall submit to the neutral third party and the Minnesota Housing Finance Agency, with a copy to the park owner, an application for payment, which includes:

(1) a copy of the closure statement under subdivision 1;

(2) a copy of the contract with a moving or towing contractor, which includes the relocation costs for relocating the manufactured home;

(3) a statement with supporting materials of any additional relocation costs as outlined in subdivision 1;

(4) a statement certifying that none of the exceptions to receipt of compensation under subdivision 12, paragraph (b), apply to the manufactured home owner;

(5) a statement from the manufactured park owner that the lot rental is current and that the annual $15 ~~payments~~ payment to the Minnesota manufactured home relocation trust fund ~~have~~ has been paid when due; and

(6) a statement from the county where the manufactured home is located certifying that personal property taxes for the manufactured home are paid through the end of that year.

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(d) The neutral third party shall promptly process all payments for completed applications within 14 days. If the neutral third party has acted reasonably and does not approve or deny payment within 45 days after receipt of the information set forth in paragraph (c), the payment is deemed approved. Upon approval and request by the neutral third party, the Minnesota Housing Finance Agency shall issue two checks in equal amount for 50 percent of the contract price payable to the mover and towing contractor for relocating the manufactured home in the amount of the actual relocation cost, plus a check to the home owner for additional certified costs associated with third-party vendors, that were necessary in relocating the manufactured home. The moving or towing contractor shall receive 50 percent upon execution of the contract and 50 percent upon completion of the relocation and approval by the manufactured home owner. The moving or towing contractor may not apply the funds to any other purpose other than relocation of the manufactured home as provided in the contract. A copy of the approval must be forwarded by the neutral third party to the park owner with an invoice for payment of the amount specified in subdivision 12, paragraph (a).

(e) In lieu of collecting a relocation payment from the Minnesota manufactured home relocation trust fund under paragraph (a), the manufactured home owner may collect an amount from the fund after reasonable efforts to relocate the manufactured home have failed due to the age or condition of the manufactured home, or because there are no manufactured home parks willing or able to accept the manufactured home within a 25-mile radius. A manufactured home owner may tender title of the manufactured home in the manufactured home park to the manufactured home park owner, and collect an amount to be determined by an independent appraisal. The appraiser must be agreed to by both the manufactured home park owner and the manufactured home owner. If the appraised market value cannot be determined, the tax market value, averaged over a period of five years, can be used as a substitute. The maximum amount that may be reimbursed under the fund is $8,000 for a single-section and $14,500 for a multisection manufactured home. The minimum amount that may be reimbursed under the fund is $2,000 for a single section and $4,000 for a multisection manufactured home. The manufactured home owner shall deliver to the manufactured home park owner the current certificate of title to the manufactured home duly endorsed by the owner of record, and valid releases of all liens shown on the certificate of title, and a statement from the county where the manufactured home is located evidencing that the personal property taxes have been paid. The manufactured home owner's application for funds under this paragraph must include a document certifying that the manufactured home cannot be relocated, that the lot rental is current, that the annual $15 payments to the Minnesota manufactured home relocation trust fund have been paid when due, that the manufactured home owner has chosen to tender title under this section, and that the park owner agrees to make a payment to the commissioner of management and budget in the amount established in subdivision 12, paragraph (a), less any documented costs submitted to the neutral third party, required for demolition and removal of the home, and any debris or refuse left on the lot, not to exceed $1,000. The manufactured home owner must also provide a copy of the certificate of title endorsed by the owner of record, and certify to the neutral third party, with a copy to the park owner, that none of the exceptions to receipt of compensation under subdivision 12, paragraph (b), clauses (1) to (6), apply to the manufactured home owner, and that the home owner will vacate the home within 60 days after receipt of payment or the date of park closure, whichever is earlier, provided that the monthly lot rent is kept current.

(f) The Minnesota Housing Finance Agency must make a determination of the amount of payment a manufactured home owner would have been entitled to under a local ordinance in effect on May 26, 2007. Notwithstanding paragraph (a), the manufactured home owner's compensation for relocation costs from the fund under section 462A.35, is the greater of the amount provided under this subdivision, or the amount under the local ordinance in effect on May 26, 2007, that is applicable to the manufactured home owner. Nothing in this paragraph is intended to increase the liability of the park owner.

(g) Neither the neutral third party nor the Minnesota Housing Finance Agency shall be liable to any person for recovery if the funds in the Minnesota manufactured home relocation trust fund are insufficient to pay the amounts claimed. The Minnesota Housing Finance Agency shall keep a record of the time and date of its approval of payment to a claimant.

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(h)(1) By October 15, 2018, the Minnesota Housing Finance Agency shall post on its Web site and report to the chairs of the senate Finance Committee and house of representatives Ways and Means Committee on the Minnesota manufactured home relocation trust fund, including the account balance, payments to claimants, the amount of any advances to the fund, the amount of any insufficiencies encountered during the previous calendar year, and any itemized administrative charges or expenses deducted from the trust fund balance. If sufficient funds become available, the Minnesota Housing Finance Agency shall pay the manufactured home owner whose unpaid claim is the earliest by time and date of approval.

~~(h)~~ (2) Beginning in 2019, the Minnesota Housing Finance Agency shall post on its Web site and report to the chairs of the senate Finance Committee and house of representatives Ways and Means Committee by ~~January~~ October 15 of each year on the Minnesota manufactured home relocation trust fund, including the aggregate account balance, the aggregate assessment payments received, summary information regarding each closed park including the total payments to claimants and payments received from each closed park, the amount of any advances to the fund, the amount of any insufficiencies encountered during the previous ~~calendar~~ fiscal year, reports of neutral third parties provided pursuant to subdivision 4, and any itemized administrative charges or expenses deducted from the trust fund balance, all of which should be reconciled to the previous year's trust fund balance. If sufficient funds become available, the Minnesota Housing Finance Agency shall pay the manufactured home owner whose unpaid claim is the earliest by time and date of approval.

Sec. 8. Minnesota Statutes 2016, section 327C.095, is amended by adding a subdivision to read:

Subd. 16. **Reporting of licensed manufactured home parks.** The Department of Health or, if applicable, local units of government that have entered into a delegation of authority agreement with the Department of Health as provided in section 145A.07 shall provide, by March 31 of each year, a list of names and addresses of the manufactured home parks licensed in the previous year, and for each manufactured home park, the current licensed owner, the owner's address, the number of licensed manufactured home lots, and other data as they may request for the Department of Management and Budget to invoice each licensed manufactured home park in the state of Minnesota.

Sec. 9. Minnesota Statutes 2017 Supplement, section 462A.2035, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The agency shall establish a manufactured home park redevelopment program for the purpose of making manufactured home park redevelopment grants or loans ~~to cities, counties, community action programs, nonprofit organizations, and cooperatives created under chapter 308A or 308B~~ for the purposes specified in this section.

Sec. 10. Minnesota Statutes 2017 Supplement, section 462A.2035, subdivision 1b, is amended to read:

Subd. 1b. **Manufactured home park infrastructure grants.** Eligible recipients may use manufactured home park infrastructure grants under this program for:

(1) acquisition of and improvements in manufactured home parks; and

(2) infrastructure, including storm shelters and community facilities.

Sec. 11. Minnesota Statutes 2016, section 462A.33, subdivision 1, is amended to read:

Subdivision 1. **Created.** The economic development and housing challenge program is created to be administered by the agency.

(a) The program shall provide grants or loans for the purpose of construction, acquisition, rehabilitation, demolition or removal of existing structures, construction financing, permanent financing, interest rate

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reduction, refinancing, and gap financing of housing or manufactured home parks, as defined in section 327C.01, to support economic development and redevelopment activities or job creation or job preservation within a community or region by meeting locally identified housing needs.

Gap financing is either:

(1) the difference between the costs of the property, including acquisition, demolition, rehabilitation, and construction, and the market value of the property upon sale; or

(2) the difference between the cost of the property and the amount the targeted household can afford for housing, based on industry standards and practices.

(b) Preference for grants and loans shall be given to comparable proposals that include regulatory changes or waivers that result in identifiable cost avoidance or cost reductions, such as increased density, flexibility in site development standards, or zoning code requirements. Preference must also be given among comparable proposals to proposals for projects that are accessible to transportation systems, jobs, schools, and other services.

(c) If a grant or loan is used for demolition or removal of existing structures, the cleared land must be used for the construction of housing to be owned or rented by persons who meet the income limits of this section or for other housing-related purposes that primarily benefit the persons residing in the adjacent housing. In making selections for grants or loans for projects that demolish affordable housing units, the agency must review the potential displacement of residents and consider the extent to which displacement of residents is minimized.

Sec. 12. Minnesota Statutes 2016, section 462A.33, subdivision 2, is amended to read:

Subd. 2. **Eligible recipients.** Challenge grants or loans may be made to a city, a federally recognized American Indian tribe or subdivision located in Minnesota, a tribal housing corporation, a private developer, a nonprofit organization, or the owner of the housing or the manufactured home park, including individuals. For the purpose of this section, "city" has the meaning given it in section 462A.03, subdivision 21. To the extent practicable, grants and loans shall be made so that an approximately equal number of housing units are financed in the metropolitan area and in the nonmetropolitan area.

Sec. 13. Minnesota Statutes 2016, section 462A.37, subdivision 1, is amended to read:

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

(b) "Abandoned property" has the meaning given in section 117.025, subdivision 5.

(c) "Community land trust" means an entity that meets the requirements of section 462A.31, subdivisions 1 and 2.

(d) "Debt service" means the amount payable in any fiscal year of principal, premium, if any, and interest on housing infrastructure bonds and the fees, charges, and expenses related to the bonds.

(e) "Foreclosed property" means residential property where foreclosure proceedings have been initiated or have been completed and title transferred or where title is transferred in lieu of foreclosure.

(f) "Housing infrastructure bonds" means bonds issued by the agency under this chapter that are qualified 501(c)(3) bonds, within the meaning of Section 145(a) of the Internal Revenue Code, finance qualified residential rental projects within the meaning of Section 142(d) of the Internal Revenue Code, or are tax-exempt bonds that are not private activity bonds, within the meaning of Section 141(a) of the Internal Revenue Code, for the purpose of financing or refinancing affordable housing authorized under this chapter.

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(g) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended.

(h) "Senior" means a person 55 years of age or older with an annual income not greater than 50 percent of:

(1) the metropolitan area median income for persons in the metropolitan area; or

(2) the statewide median income for persons outside the metropolitan area.

(i) "Senior housing" means housing intended and operated for occupancy by at least one senior per unit with at least 80 percent of the units occupied by at least one senior per unit, and for which there is publication of, and adherence to, policies and procedures that demonstrate an intent by the owner or manager to provide housing for seniors. Senior housing may be developed in conjunction with and as a distinct portion of mixed-income senior housing developments that use a variety of public or private financing sources.

~~(h)~~ (j) "Supportive housing" means housing that is not time-limited and provides or coordinates with linkages to services necessary for residents to maintain housing stability and maximize opportunities for education and employment.

Sec. 14. Minnesota Statutes 2016, section 462A.37, subdivision 2, is amended to read:

Subd. 2. **Authorization.** (a) The agency may issue up to $30,000,000 in aggregate principal amount of housing infrastructure bonds in one or more series to which the payment made under this section may be pledged. The housing infrastructure bonds authorized in this subdivision may be issued to fund loans or grants for the purposes of clause (4), on terms and conditions the agency deems appropriate, made for one or more of the following purposes:

(1) to finance the costs of the construction, acquisition, and rehabilitation of supportive housing for individuals and families who are without a permanent residence;

(2) to finance the costs of the acquisition and rehabilitation of foreclosed or abandoned housing to be used for affordable rental housing and the costs of new construction of rental housing on abandoned or foreclosed property where the existing structures will be demolished or removed;

(3) to finance that portion of the costs of acquisition of property that is attributable to the land to be leased by community land trusts to low- and moderate-income homebuyers; ~~and~~

(4) to finance that portion of the acquisition, improvement, and infrastructure of manufactured home parks under section 462A.2035, subdivision 1b, that is attributable to land to be leased to low- and moderate-income manufactured home owners;

(5) to finance the costs of acquisition, rehabilitation, adaptive reuse, or new construction of senior housing; and

(6) to finance the costs of acquisition and rehabilitation of federally assisted rental housing and for the refinancing of costs of the construction, acquisition, and rehabilitation of federally assisted rental housing, including providing funds to refund, in whole or in part, outstanding bonds previously issued by the agency or another government unit to finance or refinance such costs.

(b) Among comparable proposals for permanent supportive housing, preference shall be given to permanent supportive housing for veterans and other individuals or families who:

(1) either have been without a permanent residence for at least 12 months or at least four times in the last three years; or

(2) are at significant risk of lacking a permanent residence for 12 months or at least four times in the last three years.

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(c) Among comparable proposals for senior housing, the agency must give priority to requests for projects that:

(1) demonstrate a commitment to maintaining the housing financed as affordable to seniors;

(2) leverage other sources of funding to finance the project, including the use of low-income housing tax credits;

(3) provide access to services to residents and demonstrate the ability to increase physical supports and support services as residents age and experience increasing levels of disability;

(4) provide a service plan containing the elements of clause (3) reviewed by the housing authority, economic development authority, public housing authority, or community development agency that has an area of operation for the jurisdiction in which the project is located; and

(5) include households with incomes that do not exceed 30 percent of the median household income for the metropolitan area.

To the extent practicable, the agency shall balance the loans made between projects in the metropolitan area and projects outside the metropolitan area. Of the loans made to projects outside the metropolitan area, the agency shall, to the extent practicable, balance the loans made between projects in counties or cities with a population of 20,000 or less, as established by the most recent decennial census, and projects in counties or cities with populations in excess of 20,000.

Sec. 15. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision to read:

Subd. 1a. **Aggregate bond limitation.** "Aggregate bond limitation" means up to 55 percent of the reasonably expected aggregate basis of a residential rental project and the land on which the project is or will be located.

Sec. 16. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision to read:

Subd. 1b. **AMI.** "AMI" means the area median income for the applicable county or metropolitan area as published by the Department of Housing and Urban Development, as adjusted for household size.

Sec. 17. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision to read:

Subd. 12a. **LIHTC.** "LIHTC" means low-income housing tax credits under section 42 of the Internal Revenue Code of 1986, as amended.

Sec. 18. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision to read:

Subd. 21a. **Preservation project.** "Preservation project" means any residential rental project, regardless of whether or not such project is restricted to persons of a certain age or older, that is expected to generate low-income housing tax credits under section 42 of the Internal Revenue Code of 1986, as amended, and (1) receives federal project-based rental assistance, or (2) is funded through a loan from or guaranteed by the United States Department of Agriculture's Rural Development Program. In addition, to qualify as a preservation project, the amount of bonds requested in the application must not exceed the aggregate bond limitation.

Sec. 19. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision to read:

Subd. 30. **30 percent AMI residential rental project.** "30 percent AMI residential rental project" means a residential rental project that does not otherwise qualify as a preservation project, is expected to generate

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low-income housing tax credits under section 42 of the Internal Revenue Code of 1986, as amended, from 100 percent of its residential units, and in which:

(1) all the residential units of the project:

(i) are reserved for tenants whose income, on average, is 30 percent of AMI or less;

(ii) are rent-restricted in accordance with section 42(g)(2) of the Internal Revenue Code of 1986, as amended; and

(iii) are subject to rent and income restrictions for a period of not less than 30 years; or

(2)(i) is located outside of the metropolitan area as defined in section 473.121, subdivision 2, and within a county or metropolitan area that has a current median area gross income that is less than the statewide area median income for Minnesota;

(ii) all of the units of the project are rent-restricted in accordance with section 42(g)(2) of the Internal Revenue Code of 1986, as amended; and

(iii) all of the units of the project are subject to the applicable rent and income restrictions for a period of not less than 30 years.

In addition, to qualify as a 30 percent AMI residential project, the amount of bonds requested in the application must not exceed the aggregate bond limitation.

Sec. 20. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision to read:

Subd. 31. **50 percent AMI residential rental project.** "50 percent AMI residential rental project," means a residential rental project that does not qualify as a preservation project or 30 percent AMI residential rental project, is expected to generate low-income housing tax credits under section 42 of the Internal Revenue Code of 1986, as amended, from 100 percent of its residential units, and in which all the residential units of the project:

(1) are reserved for tenants whose income, on average, is 50 percent of AMI or less;

(2) are rent-restricted in accordance with section 42(g)(2) of the Internal Revenue Code of 1986, as amended; and

(3) are subject to rent and income restrictions for a period of not less than 30 years.

In addition, to qualify as a 50 percent AMI residential rental project, the amount of bonds requested in the application must not exceed the aggregate bond limitation.

Sec. 21. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision to read:

Subd. 32. **100 percent LIHTC project.** "100 percent LIHTC project" means a residential rental project that is expected to generate low-income housing tax credits under section 42 of the Internal Revenue Code of 1986, as amended, from 100 percent of its residential units and does not otherwise qualify as a preservation project, 30 percent AMI residential rental project, or 50 percent AMI residential rental project. In addition, to qualify as a 100 percent LIHTC project, the amount of bonds requested in the application must not exceed the aggregate bond limitation.

Sec. 22. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision to read:

Subd. 33. **20 percent LIHTC project.** "20 percent LIHTC project" means a residential rental project that is expected to generate low-income housing tax credits under section 42 of the Internal Revenue Code

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of 1986, as amended, from at least 20 percent of its residential units and does not otherwise qualify as a preservation project, 30 percent AMI residential rental project, 50 percent AMI residential rental project, or 100 percent LIHTC project. In addition, to qualify as a 20 percent LIHTC project, the amount of bonds requested in the application must not exceed the aggregate bond limitation.

Sec. 23. Minnesota Statutes 2016, section 474A.03, subdivision 1, is amended to read:

Subdivision 1. **Under federal tax law; allocations.** At the beginning of each calendar year after December 31, 2001, the commissioner shall determine the aggregate dollar amount of the annual volume cap under federal tax law for the calendar year, and of this amount the commissioner shall make the following allocation:

(1) $74,530,000 to the small issue pool;

(2) $122,060,000 to the housing pool in calendar years 2019 and 2020, and starting in calendar year 2021, $122,060,000 to the housing pool, of which 31 percent of the adjusted allocation is reserved until the last Monday in ~~July~~ June for single-family housing programs;

(3) $12,750,000 to the public facilities pool; and

(4) amounts to be allocated as provided in subdivision 2a.

If the annual volume cap is greater or less than the amount of bonding authority allocated under clauses (1) to (4) and subdivision 2a, paragraph (a), clauses (1) to (4), the allocation must be adjusted so that each adjusted allocation is the same percentage of the annual volume cap as each original allocation is of the total bonding authority originally allocated.

Sec. 24. Minnesota Statutes 2016, section 474A.04, subdivision 1a, is amended to read:

Subd. 1a. **Entitlement reservations.** Any amount returned by an entitlement issuer before ~~July~~ June 15 shall be reallocated through the housing pool. Any amount returned on or after July ~~15~~ 1 shall be reallocated through the unified pool. An amount returned after the last Monday in November shall be reallocated to the Minnesota Housing Finance Agency.

Sec. 25. Minnesota Statutes 2016, section 474A.047, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** (a) An issuer may only use the proceeds from residential rental bonds if the proposed project meets the following requirements:

(1) the proposed residential rental project meets the requirements of section 142(d) of the Internal Revenue Code regarding the incomes of the occupants of the housing; and

(2) the maximum rent for at least 20 percent of the units in the proposed residential rental project do not exceed the area fair market rent or exception fair market rents for existing housing, if applicable, as established by the federal Department of Housing and Urban Development. The rental rates of units in a residential rental project for which project-based federal assistance payments are made are deemed to be within the rent limitations of this clause.

(b) The proceeds from residential rental bonds may be used for a project for which project-based federal rental assistance payments are made only if~~:~~ the owner of the project enters into a binding agreement with the issuer under which the owner is obligated to extend any existing low-income affordability restrictions and any contract or agreement for rental assistance payments for the maximum term permitted, including any renewals thereof.

~~(1) the owner of the project enters into a binding agreement with the Minnesota Housing Finance Agency under which the owner is obligated to extend any existing low-income affordability restrictions and any~~

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~~contract or agreement for rental assistance payments for the maximum term permitted, including any renewals thereof; and~~

~~(2) the Minnesota Housing Finance Agency certifies that project reserves will be maintained at closing of the bond issue and budgeted in future years at the lesser of:~~

~~(i) the level described in Minnesota Rules, part 4900.0010, subpart 7, item A, subitem (2), effective May 1, 1997; or~~

~~(ii) the level of project reserves available prior to the bond issue, provided that additional money is available to accomplish repairs and replacements needed at the time of bond issue.~~

Sec. 26. Minnesota Statutes 2016, section 474A.047, subdivision 2, is amended to read:

Subd. 2. **15-year agreement.** Prior to the issuance of residential rental bonds, the developer of the project for which the bond proceeds will be used must enter into a 15-year agreement with the issuer that specifies the maximum rental rates of the rent-restricted units in the project and the income levels of the residents of the project occupying income-restricted units~~.~~ and in which the developer will agree to maintain the project as a preservation project, 30 percent AMI residential rental project, 50 percent AMI residential rental project, 100 percent LIHTC project, or 20 percent LIHTC project, as applicable and as described in its application. Such rental rates and income levels must be within the limitations established under subdivision 1. The developer must annually certify to the issuer over the term of the agreement that the rental rates for the rent-restricted units are within the limitations under subdivision 1. The issuer may request individual certification of the income of residents of the income-restricted units. The commissioner may request from the issuer a copy of the annual certification prepared by the developer. The commissioner may require the issuer to request individual certification of all residents of the income-restricted units.

Sec. 27. Minnesota Statutes 2016, section 474A.061, is amended to read:

474A.061 MANUFACTURING, HOUSING, AND PUBLIC FACILITIES POOLS.

Subdivision 1. **Allocation application; small issue pool and public facilities pool.** (a) For any requested allocations from the small issue pool and the public facilities pool, an issuer may apply for an allocation under this section by submitting to the department an application on forms provided by the department, accompanied by (1) a preliminary resolution, (2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code, (3) the type of qualified bonds to be issued, (4) an application deposit in the amount of one percent of the requested allocation before the last Monday in ~~July~~ June, or in the amount of two percent of the requested allocation on or after the last Monday in ~~July,~~ June, and (5) a public purpose scoring worksheet for manufacturing project and enterprise zone facility project applications~~, and (6) for residential rental projects, a statement from the applicant or bond counsel as to whether the project preserves existing federally subsidized housing for residential rental project applications and whether the project is restricted to persons who are 55 years of age or older~~. The issuer must pay the application deposit ~~by a check made payable~~ to the Department of Management and Budget. The Minnesota Housing Finance Agency, the Minnesota Rural Finance Authority, and the Minnesota Office of Higher Education may apply for and receive an allocation under this section without submitting an application deposit.

(b) An entitlement issuer may not apply for an allocation ~~from the public facilities pool~~ under this subdivision unless it has either permanently issued bonds equal to the amount of its entitlement allocation for the current year plus any amount of bonding authority carried forward from previous years or returned for reallocation all of its unused entitlement allocation. ~~An entitlement issuer may not apply for an allocation from the housing pool unless it either has permanently issued bonds equal to any amount of bonding authority carried forward from a previous year or has returned for reallocation any unused bonding authority carried forward from a previous year.~~ For purposes of this subdivision, its entitlement allocation includes an amount

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obtained under section 474A.04, subdivision 6. ~~This paragraph does not apply to an application from the Minnesota Housing Finance Agency for an allocation under subdivision 2a for cities who choose to have the agency issue bonds on their behalf.~~

(c) If an application is rejected under this section, the commissioner must notify the applicant and return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted. The granting of an allocation of bonding authority under this section must be evidenced by a certificate of allocation.

Subd. 1a. **Allocation application; housing pool.** (a) For any requested allocations from the housing pool, an issuer may apply for an allocation under this section by submitting to the department an application on forms provided by the department, accompanied by (1) a preliminary resolution, (2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code, (3) an application deposit in the amount of two percent of the requested allocation, (4) a sworn statement from the applicant identifying the project as either a preservation project, 30 percent AMI residential rental project, 50 percent AMI residential rental project, 100 percent LIHTC project, 20 percent LIHTC project, or any other residential rental project, and (5) a certification from the applicant or its accountant stating whether the requested allocation exceeds the aggregate bond limitation. The issuer must pay the application deposit to the Department of Management and Budget. The Minnesota Housing Finance Agency may apply for and receive an allocation under this section without submitting an application deposit.

(b) An entitlement issuer may not apply for an allocation from the housing pool unless it either has permanently issued bonds equal to any amount of bonding authority carried forward from a previous year or has returned for reallocation any unused bonding authority carried forward from a previous year. For purposes of this subdivision, its entitlement allocation includes an amount obtained under section 474A.04, subdivision 6. This paragraph does not apply to an application from the Minnesota Housing Finance Agency for an allocation under subdivision 2a for cities who choose to have the agency issue bonds on the city's behalf.

(c) If an application is rejected under this section, the commissioner must notify the applicant and return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted. The granting of an allocation of bonding authority under this section must be evidenced by a certificate of allocation.

Subd. 2a. **Housing pool allocation.** (a) Commencing on the second Tuesday in January and continuing on each Monday through ~~July~~ June 15, the commissioner shall allocate available bonding authority from the housing pool to applications received on or before the Monday of the preceding week for residential rental projects that meet the eligibility criteria under section 474A.047. Allocations of available bonding authority from the housing pool for eligible residential rental projects shall be awarded in the following order of priority: ~~(1) projects that preserve existing federally subsidized housing; (2) projects that are not restricted to persons who are 55 years of age or older; and (3) other residential rental projects. Prior to May 15, no allocation shall be made to a project restricted to persons who are 55 years of age or older.~~

(1) preservation projects;

(2) 30 percent AMI residential rental projects;

(3) 50 percent AMI residential rental projects;

(4) 100 percent LIHTC projects;

(5) 20 percent LIHTC projects;

(6) single-family housing programs after June 1 in calendar years 2019 and 2020, and after January 1 starting in calendar year 2021; and

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(7) other residential rental projects for which the amount of bonds requested in their respective applications do not exceed the aggregate bond limitation.

If there are two or more applications for residential rental projects at the same priority level and there is insufficient bonding authority to provide allocations for all such projects in any one allocation period, available bonding authority shall be randomly awarded by lot. If a residential rental project is selected by lot, but the remaining bonding authority is insufficient to provide the full amount of the requested allocation, the project shall be allocated the remaining available housing pool bonding authority and if the project applies for an allocation of bonds again in the same calendar year or to the next successive housing pool, the project shall be awarded the lesser of the available bonding authority or the remainder of its full allocation request before any new project applying in the same allocation period with an equal or lower priority shall receive bonding authority. The project shall continue to receive priority over other projects applying with an equal or lower priority during the time period specified in this paragraph until the project has been awarded its full allocation amount.

If an issuer that receives an allocation under this ~~paragraph does not issue obligations equal to all or a portion of the allocation received~~ subdivision ~~within 120 days of the allocation or~~ returns the allocation to the commissioner, the amount of the allocation is canceled and returned for reallocation through the housing pool or to the unified pool after ~~July~~ June 15 but only if the return occurs in the same calendar year as the original allocation.

If an issuer that receives an allocation under this subdivision does not issue obligations equal to all or a portion of the allocation by the last business day in December, the issuer may elect to carry forward its allocation by submitting notice to the commissioner by the last business day in December, including a resolution of intent to carry forward from its local governing body, and paying an additional application deposit equal to one percent of the allocation amount.

(b) ~~After January 1, and through January 15,~~ The Minnesota Housing Finance Agency may accept applications, according to the schedule in paragraph (c), from cities for single-family housing programs which meet program requirements as follows:

(1) the housing program must meet a locally identified housing need and be economically viable;

(2) the adjusted income of home buyers may not exceed 80 percent of the greater of statewide or area median income as published by the Department of Housing and Urban Development, adjusted for household size;

(3) house price limits may not exceed the federal price limits established for mortgage revenue bond programs. Data on the home purchase price amount, mortgage amount, income, household size, and race of the households served in the previous year's single-family housing program, if any, must be included in each application; and

(4) for applicants who choose to have the agency issue bonds on their behalf, an application fee pursuant to section 474A.03, subdivision 4, and an application deposit equal to one percent of the requested allocation must be submitted to the Minnesota Housing Finance Agency before the agency forwards the list specifying the amounts allocated to the commissioner under paragraph ~~(d)~~ (e). The agency shall submit the city's application fee and application deposit to the commissioner when requesting an allocation from the housing pool.

Applications by a consortium shall include the name of each member of the consortium and the amount of allocation requested by each member.

(c) The Minnesota Housing Finance Agency may accept applications under paragraph (b) after June 1 in calendar years 2019 and 2020, and after January 1 and through January 15 starting in calendar year 2021.

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~~(c) Any amounts remaining in the housing pool after July 15 are available for single-family housing programs for cities that applied in January and received an allocation under this section in the same calendar year.~~ (d) For a city that chooses to issue bonds on its own behalf or pursuant to a joint powers agreement, the agency must allot available bonding authority based on the formula in paragraphs ~~(d)~~ (e) and ~~(f)~~ (g). Allocations will be made loan by loan, on a first-come, first-served basis among cities on whose behalf the Minnesota Housing Finance Agency issues bonds.

Any city that received an allocation pursuant to paragraph ~~(f)~~ (g) in the same calendar year that wishes to issue bonds on its own behalf or pursuant to a joint powers agreement for an amount becoming available for single-family housing programs after ~~July 15~~ June 1 shall notify the Minnesota Housing Finance Agency by ~~July 15~~ June 1. The Minnesota Housing Finance Agency shall notify each city making a request of the amount of its allocation within three business days after ~~July 15~~ June 1. The city must comply with paragraph ~~(f)~~ (g).

For purposes of ~~paragraphs (a) to (h)~~ this subdivision, "city" means a county or a consortium of local government units that agree through a joint powers agreement to apply together for single-family housing programs, and has the meaning given it in section 462C.02, subdivision 6. "Agency" means the Minnesota Housing Finance Agency.

~~(d)~~ (e) The total amount of allocation for mortgage bonds for one city is limited to the lesser of: (i) the amount requested, or (ii) the product of the total amount available for mortgage bonds from the housing pool, multiplied by the ratio of each applicant's population as determined by the most recent estimate of the city's population released by the state demographer's office to the total of all the applicants' population, except that each applicant shall be allocated a minimum of $100,000 regardless of the amount requested or the amount determined under the formula in clause (ii). If a city applying for an allocation is located within a county that has also applied for an allocation, the city's population will be deducted from the county's population in calculating the amount of allocations under this paragraph.

Upon determining the amount of each applicant's allocation, the agency shall forward to the commissioner a list specifying the amounts allotted to each application with all application fees and deposits from applicants who choose to have the agency issue bonds on their behalf.

Total allocations from the housing pool for single-family housing programs may not exceed 31 percent of the adjusted allocation to the housing pool ~~until after July 15~~.

~~(e)~~ (f) The agency may issue bonds on behalf of participating cities. The agency shall request an allocation from the commissioner for all applicants who choose to have the agency issue bonds on their behalf and the commissioner shall allocate the requested amount to the agency. The agency may request an allocation at any time after June 1 in calendar years 2019 and 2020, and after the second Tuesday in January and through the last Monday in ~~July~~ June starting in calendar year 2021. After awarding an allocation and receiving a notice of issuance for the mortgage bonds issued on behalf of the participating cities, the commissioner shall transfer the application deposits to the Minnesota Housing Finance Agency to be returned to the participating cities. The Minnesota Housing Finance Agency shall return any application deposit to a city that paid an application deposit under paragraph (b), clause (4), but was not part of the list forwarded to the commissioner under paragraph ~~(d)~~ (e).

~~(f)~~ (g) A city may choose to issue bonds on its own behalf or through a joint powers agreement and may request an allocation from the commissioner by forwarding an application with an application fee pursuant to section 474A.03, subdivision 4, and a one percent application deposit to the commissioner no later than the Monday of the week preceding an allocation. If the total amount requested by all applicants exceeds the amount available in the pool, the city may not receive a greater allocation than the amount it would have received under the list forwarded by the Minnesota Housing Finance Agency to the commissioner. No city may request or receive an allocation from the commissioner until the list under paragraph ~~(d)~~ (e) has been forwarded to the commissioner. A city must request an allocation from the commissioner no later than the last Monday in ~~July~~ June. No city may receive an allocation from the housing pool for mortgage bonds

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which has not first applied to the Minnesota Housing Finance Agency. The commissioner shall allocate the requested amount to the city or cities subject to the limitations under this paragraph.

If a city issues mortgage bonds from an allocation received under this paragraph, the issuer must provide for the recycling of funds into new loans. If the issuer is not able to provide for recycling, the issuer must notify the commissioner in writing of the reason that recycling was not possible and the reason the issuer elected not to have the Minnesota Housing Finance Agency issue the bonds. "Recycling" means the use of money generated from the repayment and prepayment of loans for further eligible loans or for the redemption of bonds and the issuance of current refunding bonds.

~~(g)~~ (h) No entitlement city or county or city in an entitlement county may apply for or be allocated authority to issue mortgage bonds or use mortgage credit certificates from the housing pool. No city in an entitlement county may apply for or be allocated authority to issue residential rental bonds from the housing pool or the unified pool.

~~(h)~~ (i) A city that does not use at least 50 percent of its allotment by the date applications are due for the first allocation that is made from the housing pool for single-family housing programs in the immediately succeeding calendar year may not apply to the housing pool for a single-family mortgage bond or mortgage credit certificate program allocation that exceeds the amount of its allotment for the preceding year that was used by the city in the immediately preceding year or receive an allotment from the housing pool in the succeeding calendar year that exceeds the amount of its allotment for the preceding year that was used in the preceding year. The minimum allotment is $100,000 for an allocation made prior to July ~~15~~ 1, regardless of the amount used in the preceding calendar year, except that a city whose allocation in the preceding year was the minimum amount of $100,000 and who did not use at least 50 percent of its allocation from the preceding year is ineligible for an allocation in the immediate succeeding calendar year. Each local government unit in a consortium must meet the requirements of this paragraph.

Subd. 2b. **Small issue pool allocation.** Commencing on the second Tuesday in January and continuing on each Monday through the last Monday in ~~July~~ June, the commissioner shall allocate available bonding authority from the small issue pool to applications received on or before the Monday of the preceding week for manufacturing projects and enterprise zone facility projects. From the second Tuesday in January through the last Monday in ~~July~~ June, the commissioner shall reserve $5,000,000 of the available bonding authority from the small issue pool for applications for agricultural development bond loan projects of the Minnesota Rural Finance Authority.

Beginning in calendar year 2002, on the second Tuesday in January through the last Monday in ~~July~~ June, the commissioner shall reserve $10,000,000 of available bonding authority in the small issue pool for applications for student loan bonds of or on behalf of the Minnesota Office of Higher Education. The total amount of allocations for student loan bonds from the small issue pool may not exceed $10,000,000 per year.

The commissioner shall reserve $10,000,000 until the day after the last Monday in February, $10,000,000 until the day after the last Monday in April, and $10,000,000 until the day after the last Monday in June in the small issue pool for enterprise zone facility projects and manufacturing projects. The amount of allocation provided to an issuer for a specific enterprise zone facility project or manufacturing project will be based on the number of points received for the proposed project under the scoring system under section 474A.045.

If there are two or more applications for manufacturing and enterprise zone facility projects from the small issue pool and there is insufficient bonding authority to provide allocations for all projects in any one week, the available bonding authority shall be awarded based on the number of points awarded a project under section 474A.045, with those projects receiving the greatest number of points receiving allocation first. If two or more applications receive an equal number of points, available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

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Subd. 2c. **Public facilities pool allocation.** From the beginning of the calendar year and continuing for a period of 120 days, the commissioner shall reserve $5,000,000 of the available bonding authority from the public facilities pool for applications for public facilities projects to be financed by the Western Lake Superior Sanitary District. Commencing on the second Tuesday in January and continuing on each Monday through the last Monday in ~~July~~ June, the commissioner shall allocate available bonding authority from the public facilities pool to applications for eligible public facilities projects received on or before the Monday of the preceding week. If there are two or more applications for public facilities projects from the pool and there is insufficient available bonding authority to provide allocations for all projects in any one week, the available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

Subd. 4. **Return of allocation; deposit refund for small issue pool or public facilities pool.** (a) For any requested allocation from the small issue pool or the public facilities pool, if an issuer that receives an allocation under this section determines that it will not issue obligations equal to all or a portion of the allocation received under this section within 120 days of allocation or within the time period permitted by federal tax law, whichever is less, the issuer must notify the department. If the issuer notifies the department or the 120-day period since allocation has expired prior to the last Monday in ~~July~~ June, the amount of allocation is canceled and returned for reallocation through the pool from which it was originally allocated. If the issuer notifies the department or the 120-day period since allocation has expired on or after the last Monday in ~~July~~ June, the amount of allocation is canceled and returned for reallocation through the unified pool. If the issuer notifies the department after the last Monday in November, the amount of allocation is canceled and returned for reallocation to the Minnesota Housing Finance Agency. To encourage a competitive application process, the commissioner shall reserve, for new applications, the amount of allocation that is canceled and returned for reallocation under this section for a minimum of seven calendar days.

(b) An issuer that returns for reallocation all or a portion of an allocation received under this ~~section~~ subdivision within 120 days of allocation shall receive within 30 days a refund equal to:

(1) one-half of the application deposit for the amount of bonding authority returned within 30 days of receiving allocation;

(2) one-fourth of the application deposit for the amount of bonding authority returned between 31 and 60 days of receiving allocation; and

(3) one-eighth of the application deposit for the amount of bonding authority returned between 61 and 120 days of receiving allocation.

(c) No refund shall be available for allocations returned 120 or more days after receiving the allocation or beyond the last Monday in November.

Subd. 4a. **Return of allocation; deposit refund for housing pool.** (a) For any requested allocations from the housing pool, if an issuer that receives an allocation under this section determines that it will not (1) issue obligations equal to all or a portion of the allocation received under this section within the time period permitted by this section or (2) carry forward its allocation under section 474A.061, subdivision 2a, the issuer must notify the department as soon as possible, but no later than the last business day in December. If the issuer notifies the department prior to the last Monday in June, the amount of allocation is canceled and returned for reallocation through the housing pool. If the issuer notifies the department on or after the last Monday in June, but during the same calendar year as the original allocation, the amount of the allocation is canceled and returned for reallocation through the unified pool. If the issuer notifies the department after the last Monday in November, the amount of allocation is canceled and returned for reallocation to the Minnesota Housing Finance Agency. To encourage a competitive application process, the commissioner shall reserve, for new applications, the amount of allocation that is canceled and returned for reallocation under this section for a minimum of seven calendar days.

(b) An issuer that returns for reallocation all or a portion of an allocation received under this subdivision by the last Monday in November shall receive within 30 days a refund equal to:

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(1) one-half of the application deposit for the amount of bonding authority returned within 45 days of receiving allocation;

(2) one-fourth of the allocation deposit for the amount of bonding authority returned between 46 and 90 days of receiving allocation; and

(3) one-eighth of the application deposit for the amount of bonding authority returned between 91 and 180 days of receiving allocation.

(c) No refund shall be available for allocations returned 180 or more days after receiving the allocation or beyond the last Monday in November.

Sec. 28. Minnesota Statutes 2016, section 474A.062, is amended to read:

474A.062 MINNESOTA OFFICE OF HIGHER EDUCATION ~~120-DAY~~ ISSUANCE EXEMPTION.

The Minnesota Office of Higher Education is exempt from ~~the 120-day issuance requirements~~ any time limitation on issuance of bonds set forth in this chapter and may carry forward allocations for student loan bonds, subject to carryforward notice requirements of section 474A.131, subdivision 2.

Sec. 29. Minnesota Statutes 2016, section 474A.091, is amended to read:

474A.091 ALLOCATION OF UNIFIED POOL.

Subdivision 1. **Unified pool amount.** On the day after the last Monday in ~~July~~ June any bonding authority remaining unallocated from the small issue pool, the housing pool, and the public facilities pool is transferred to the unified pool and must be reallocated as provided in this section.

Subd. 2. **Application for residential rental projects.** (a) Issuers may apply for an allocation for residential rental bonds under this section by submitting to the department an application on forms provided by the department accompanied by:

(1) a preliminary resolution~~,~~;

(2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code~~,~~;

(3) ~~the type of qualified bonds to be issued, (4)~~ an application deposit in the amount of two percent of the requested allocation; ~~,(5) a public purpose scoring worksheet for manufacturing and enterprise zone applications, and (6) for residential rental projects, a statement from the applicant or bond counsel as to whether the project preserves existing federally subsidized housing and whether the project is restricted to persons who are 55 years of age or older.~~

(4) a sworn statement from the applicant identifying the project as either a preservation project, 30 percent AMI residential rental project, 50 percent AMI residential rental project, 100 percent LIHTC project, 20 percent LIHTC project, or any other residential rental project; and

(5) a certification from the applicant or its accountant stating whether the requested allocation exceeds the aggregate bond limitation. Applications for projects requesting bonds in excess of the aggregate bond limitation may not apply or be allocated bonding authority until after September 1 each year.

The issuer must pay the application deposit ~~by check~~ to the Department of Management and Budget. An entitlement issuer may not apply for an allocation for ~~public facility bonds,~~ residential rental project bonds~~, or mortgage bonds~~ under this section unless it has either permanently issued bonds equal to the amount of its entitlement allocation for the current year plus any amount carried forward from previous years or returned

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for reallocation all of its unused entitlement allocation. For purposes of this subdivision, its entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.

(b) If an issuer that receives an allocation under this subdivision returns the allocation to the commissioner, the amount of the allocation is canceled and returned for reallocation through the unified pool only if the return occurs prior to the last Monday in November and within the same calendar year as the original allocation. If an issuer that receives an allocation under this subdivision does not issue obligations equal to all or a portion of the allocation by the last business day in December, the issuer may elect to carry forward its allocation by submitting notice to the commissioner by the last business day in December, including a resolution of intent to carry forward from its local governing body, and paying an additional application deposit equal to one percent of the allocation amount.

(c) Notwithstanding the restrictions imposed on entitlement issuers under this subdivision, the Minnesota Housing Finance Agency may not receive an allocation for mortgage bonds under this section prior to the first Monday in October, but may be awarded allocations for mortgage bonds from the unified pool on or after the first Monday in October. The Minnesota Housing Finance Agency~~, the Minnesota Office of Higher Education, and the Minnesota Rural Finance Authority~~ may apply for and receive an allocation under this section without submitting an application deposit.

Subd. 2a. **Application for all other types of qualified bonds.** Issuers may apply for an allocation for all types of qualified bonds other than residential rental bonds under this section by submitting to the department an application on forms provided by the department accompanied by (1) a preliminary resolution, (2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code, (3) the type of qualified bonds to be issued, (4) an application deposit in the amount of two percent of the requested allocation, and (5) a public purpose scoring worksheet for manufacturing and enterprise zone applications. The issuer must pay the application deposit to the Department of Management and Budget. An entitlement issuer may not apply for an allocation for public facility bonds or mortgage bonds under this section unless it has either permanently issued bonds equal to the amount of its entitlement allocation for the current year plus any amount carried forward from previous years or returned for reallocation all of its unused entitlement allocation. For purposes of this subdivision, its entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.

Notwithstanding the restrictions imposed on entitlement issuers under this subdivision, the Minnesota Housing Finance Agency may not receive an allocation for mortgage bonds under this section prior to the first Monday in October, but may be awarded allocations for mortgage bonds from the unified pool on or after the first Monday in October. The Minnesota Housing Finance Agency, the Minnesota Office of Higher Education, and the Minnesota Rural Finance Authority may apply for and receive an allocation under this section without submitting an application deposit.

Subd. 3. **Allocation procedure.** (a) The commissioner shall allocate available bonding authority under this section on the Monday of every other week beginning with the first Monday in ~~August~~ July through and on the last Monday in November. Applications for allocations must be received by the department by 4:30 p.m. on the Monday preceding the Monday on which allocations are to be made. If a Monday falls on a holiday, the allocation will be made or the applications must be received by the next business day after the holiday.

(b) Prior to October 1, only the following applications shall be awarded allocations from the unified pool. Allocations shall be awarded in the following order of priority:

(1) applications for residential rental project bonds;

(2) applications for small issue bonds for manufacturing projects; and

(3) applications for small issue bonds for agricultural development bond loan projects.

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(c) On the first Monday in October through the last Monday in November, allocations shall be awarded from the unified pool in the following order of priority:

(1) applications for student loan bonds issued by or on behalf of the Minnesota Office of Higher Education;

(2) applications for mortgage bonds;

(3) applications for public facility projects funded by public facility bonds;

(4) applications for small issue bonds for manufacturing projects;

(5) applications for small issue bonds for agricultural development bond loan projects;

(6) applications for residential rental project bonds;

(7) applications for enterprise zone facility bonds;

(8) applications for governmental bonds; and

(9) applications for redevelopment bonds.

(d) If there are two or more applications for manufacturing projects from the unified pool and there is insufficient bonding authority to provide allocations for all manufacturing projects in any one allocation period, the available bonding authority shall be awarded based on the number of points awarded a project under section 474A.045 with those projects receiving the greatest number of points receiving allocation first. If two or more applications for manufacturing projects receive an equal amount of points, available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

(e) If there are two or more applications for enterprise zone facility projects from the unified pool and there is insufficient bonding authority to provide allocations for all enterprise zone facility projects in any one allocation period, the available bonding authority shall be awarded based on the number of points awarded a project under section 474A.045 with those projects receiving the greatest number of points receiving allocation first. If two or more applications for enterprise zone facility projects receive an equal amount of points, available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

(f) If there are two or more applications for residential rental projects from the unified pool and there is insufficient bonding authority to provide allocations for all residential rental projects in any one allocation period, the available bonding authority shall be awarded in the following order of priority: (1) ~~projects that preserve existing federally subsidized housing; (2) projects that are not restricted to persons who are 55 years of age or older; and (3)~~ preservation projects; (2) 30 percent AMI residential rental projects; (3) 50 percent AMI residential rental projects; (4) 100 percent LIHTC projects; (5) 20 percent LIHTC projects; (6) other residential rental projects for which the amount of bonds requested in their respective applications do not exceed the aggregate bond limitation; and (7) other residential rental projects for which the amount of bonds requested in their respective applications exceeds the aggregate bond limitation and which apply on or after September 1 of a calendar year. If there are two or more applications for residential rental projects at the same priority level and there is insufficient bonding authority to provide allocations for all such projects in any one allocation period, available bonding authority shall be randomly awarded by lot. If a residential rental project is selected by lot, but the remaining bonding authority is insufficient to provide the full amount of its requested allocation, the project shall be allocated the remaining available unified pool bonding authority, and if the project applies for any additional available allocation within that calendar year or applies in the next successive housing pool or the next successive unified pool for an allocation of bonds, the project shall be awarded the lesser of the available bonding authority or the remainder of its full allocation before any new project applying in the same allocation period with an equal or lower priority shall receive bonding authority. The project shall continue to receive priority over other projects applying with an equal or lower

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priority during the time period specified in this paragraph until the project has been awarded its full allocation amount.

(g) From the ~~first Monday in August~~ date the unified pool is created through the last Monday in ~~November~~ August, $20,000,000 of bonding authority or an amount equal to the total annual amount of bonding authority allocated to the small issue pool under section 474A.03, subdivision 1, less the amount allocated to issuers from the small issue pool for that year, whichever is less, is reserved within the unified pool for small issue bonds to the extent such amounts are available within the unified pool.

(h) The total amount of allocations for mortgage bonds from the housing pool and the unified pool may not exceed:

(1) $10,000,000 for any one city; or

(2) $20,000,000 for any number of cities in any one county.

(i) The total amount of allocations for student loan bonds from the unified pool may not exceed $25,000,000 per year.

(j) If there is insufficient bonding authority to fund all projects within any qualified bond category other than enterprise zone facility projects, manufacturing projects, and residential rental projects, allocations shall be awarded by lot unless otherwise agreed to by the respective issuers.

(k) If an application is rejected, the commissioner must notify the applicant and return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted.

(l) The granting of an allocation of bonding authority under this section must be evidenced by issuance of a certificate of allocation.

Subd. 3a. **Mortgage bonds.** (a) Bonding authority remaining in the unified pool on October 1 is available for single-family housing programs for cities that applied in January or June and received an allocation under section 474A.061, subdivision 2a, in the same calendar year. The Minnesota Housing Finance Agency shall receive an allocation for mortgage bonds pursuant to this section, minus any amounts for a city or consortium that intends to issue bonds on its own behalf under paragraph (c).

(b) The agency may issue bonds on behalf of participating cities. The agency shall request an allocation from the commissioner for all applicants who choose to have the agency issue bonds on their behalf and the commissioner shall allocate the requested amount to the agency. Allocations shall be awarded by the commissioner each Monday commencing on the first Monday in October through the last Monday in November for applications received by 4:30 p.m. on the Monday of the week preceding an allocation.

For cities who choose to have the agency issue bonds on their behalf, allocations will be made loan by loan, on a first-come, first-served basis among the cities. The agency shall submit an application fee pursuant to section 474A.03, subdivision 4, and an application deposit equal to two percent of the requested allocation to the commissioner when requesting an allocation from the unified pool. After awarding an allocation and receiving a notice of issuance for mortgage bonds issued on behalf of the participating cities, the commissioner shall transfer the application deposit to the Minnesota Housing Finance Agency.

For purposes of paragraphs (a) to (d), "city" means a county or a consortium of local government units that agree through a joint powers agreement to apply together for single-family housing programs, and has the meaning given it in section 462C.02, subdivision 6. "Agency" means the Minnesota Housing Finance Agency.

(c) Any city that received an allocation pursuant to section 474A.061, subdivision 2a, paragraph (f), in the current year that wishes to receive an additional allocation from the unified pool and issue bonds on its own behalf or pursuant to a joint powers agreement shall notify the Minnesota Housing Finance Agency by

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the third Monday in September. The total amount of allocation for mortgage bonds for a city choosing to issue bonds on its own behalf or through a joint powers agreement is limited to the lesser of: (i) the amount requested, or (ii) the product of the total amount available for mortgage bonds from the unified pool, multiplied by the ratio of the population of each city that applied in January and received an allocation under section 474A.061, subdivision 2a, in the same calendar year, as determined by the most recent estimate of the city's population released by the state demographer's office to the total of the population of all the cities that applied in January and received an allocation under section 474A.061, subdivision 2a, in the same calendar year. If a city choosing to issue bonds on its own behalf or through a joint powers agreement is located within a county that has also chosen to issue bonds on its own behalf or through a joint powers agreement, the city's population will be deducted from the county's population in calculating the amount of allocations under this paragraph.

The Minnesota Housing Finance Agency shall notify each city choosing to issue bonds on its own behalf or pursuant to a joint powers agreement of the amount of its allocation by October 15. Upon determining the amount of the allocation of each choosing to issue bonds on its own behalf or through a joint powers agreement, the agency shall forward a list specifying the amounts allotted to each city.

A city that chooses to issue bonds on its own behalf or through a joint powers agreement may request an allocation from the commissioner by forwarding an application with an application fee pursuant to section 474A.03, subdivision 4, and an application deposit equal to two percent of the requested amount to the commissioner no later than 4:30 p.m. on the Monday of the week preceding an allocation. Allocations to cities that choose to issue bonds on their own behalf shall be awarded by the commissioner on the first Monday after October 15 through the last Monday in November. No city may receive an allocation from the commissioner after the last Monday in November. The commissioner shall allocate the requested amount to the city or cities subject to the limitations under this subdivision.

If a city issues mortgage bonds from an allocation received under this paragraph, the issuer must provide for the recycling of funds into new loans. If the issuer is not able to provide for recycling, the issuer must notify the commissioner in writing of the reason that recycling was not possible and the reason the issuer elected not to have the Minnesota Housing Finance Agency issue the bonds. "Recycling" means the use of money generated from the repayment and prepayment of loans for further eligible loans or for the redemption of bonds and the issuance of current refunding bonds.

(d) No entitlement city or county or city in an entitlement county may apply for or be allocated authority to issue mortgage bonds or use mortgage credit certificates from the unified pool.

(e) An allocation awarded to the agency for mortgage bonds under this section may be carried forward by the agency subject to notice requirements under section 474A.131.

Subd. 4. **Remaining bonding authority.** All remaining bonding authority available for allocation under this section on December 1, is allocated to the Minnesota Housing Finance Agency.

Subd. 5. **Return of allocation; deposit refund.** (a) If an issuer that receives an allocation under this section determines that it will not (1) issue obligations equal to all or a portion of the allocation received under this section within ~~120 days~~ the time period permitted by this section or (2) carry forward its allocation under section 474A.091, subdivision 2, by the last business day in December ~~of the allocation or within the time period permitted by federal tax law, whichever is less~~, the issuer must notify the department as soon as possible but no later than the last business day in December. If the issuer notifies the department ~~or the 120-day period since allocation has expired~~ prior to the last Monday in November, the amount of allocation is canceled and returned for reallocation through the unified pool. If the issuer notifies the department on or after the last Monday in November, the amount of allocation is canceled and returned for reallocation to the Minnesota Housing Finance Agency. To encourage a competitive application process, the commissioner shall reserve, for new applications, the amount of allocation that is canceled and returned for reallocation under this section for a minimum of seven calendar days.

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(b) An issuer that returns for reallocation all or a portion of an allocation for all types of bonds other than residential rental project bonds received under this section within 120 days of the allocation shall receive within 30 days a refund equal to:

(1) one-half of the application deposit for the amount of bonding authority returned within 30 days of receiving the allocation;

(2) one-fourth of the application deposit for the amount of bonding authority returned between 31 and 60 days of receiving the allocation; and

(3) one-eighth of the application deposit for the amount of bonding authority returned between 61 and 120 days of receiving the allocation.

~~(c)~~ No refund of the application deposit shall be available for allocations returned on or after the last Monday in November.

(c) An issuer that returns for reallocation all or a portion of an allocation for residential rental project bonds received under this section by the last Monday in November shall receive within 30 days a refund equal to:

(1) one-half of the application deposit for the amount of bonding authority returned within 45 days of receiving the allocation;

(2) one-fourth of the application deposit for the amount of bonding authority returned between 46 and 90 days of receiving the allocation; and

(3) one-eighth of the application deposit for the amount of bonding authority returned between 91 and 180 days of receiving the allocation.

No refund of the application deposit shall be available for allocations returned on or after the last Monday in November.

Subd. 6. **Final allocation; carryforward.** Notwithstanding the notice requirements of section 474A.131, subdivision 2, any bonding authority remaining unissued by the Minnesota Housing Finance Agency on the last business day in December shall be carried forward into the next calendar year by the commissioner for the Minnesota Housing Finance Agency.

EFFECTIVE DATE. This section is effective January 1, 2019, except for subdivision 3, paragraph (g), which is effective the day following final enactment.

Sec. 30. Minnesota Statutes 2016, section 474A.131, is amended to read:

474A.131 NOTICE OF ISSUE AND NOTICE OF CARRYFORWARD.

Subdivision 1. **Notice of issue.** (a) Each issuer ~~that issues bonds~~ with an allocation received under this chapter shall provide a notice of issue to the department on forms provided by the department stating:

(1) the date of issuance of the bonds;

(2) the title of the issue;

(3) the principal amount of the bonds;

(4) the type of qualified bonds under federal tax law;

(5) the dollar amount of the bonds issued that were subject to the annual volume cap; and

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(6) for entitlement issuers and issuers of residential rental housing obligations that have elected to carry forward an allocation, whether the allocation is from current year entitlement authority or is from carryforward authority.

(b) For obligations that are issued as a part of a series of obligations, a notice must be provided for each series. A penalty of one-half of the amount of the application deposit not to exceed $5,000 shall apply to any issue of obligations for which a notice of issue is not provided to the department within five business days after issuance or before 4:30 p.m. on the last business day in December, whichever occurs first. Within 30 days after receipt of a notice of issue the department shall refund a portion of the application deposit equal to one percent of the amount of the bonding authority actually issued if a one percent application deposit was made, or equal to two percent of the amount of the bonding authority actually issued if a two percent application deposit was made, less any penalty amount.

(c) If an issuer that receives an allocation under this chapter for a residential rental project issues obligations as provided in this chapter, the commissioner shall refund 50 percent of any application deposit previously paid within 30 days of the issuance of the obligations and the remaining 50 percent will be refunded within 30 days after the date on which (1) final Internal Revenue Service Forms 8609 are provided to the commissioner with respect to preservation projects, 30 percent AMI residential rental projects, 50 percent AMI residential rental projects, 100 percent LIHTC projects, or 20 percent LIHTC projects, or (2) the issuer provides a certification and any other reasonable documentation requested by the commissioner evidencing that construction of the project has been completed. If the issuer receives an allocation under this chapter for a residential rental project and fails to issue the bonds within the time permitted by federal law, the application deposit shall be forfeited.

Subd. 1a. **Certificate of notice.** If an allocation received under this chapter is used for mortgage credit certificates, a certificate notice must be submitted to the department on forms provided by the department stating the date of the filing of the election not to issue bonds as provided under section 25, paragraph (c), of the Internal Revenue Code and the amount of allocation authority to be used under the program.

A penalty of one-half of the amount of the application deposit not to exceed $5,000 shall apply to any mortgage credit certificate program for which a certificate notice is not provided to the department within five days of the date of the filing of the election not to issue bonds or before the last Monday in December, whichever occurs first. Within 30 days after receipt of a certificate notice the department shall refund a portion of the application deposit equal to one percent of the amount of the bonding authority to be used for the mortgage credit certificate program, less any penalty amount.

Subd. 1b. **Deadline for issuance of qualified bonds.** If an issuer fails to notify the department before 4:30 p.m. on the last business day in December of issuance of obligations pursuant to an allocation received for any qualified bond project, election to carry forward an allocation for a residential rental project, or issuance of an entitlement allocation, the allocation is canceled and the bonding authority is allocated to the Minnesota Housing Finance Agency for carryforward by the commissioner under section 474A.091, subdivision 6.

Subd. 2. **Carryforward notice.** If an issuer intends to carry forward an allocation received under this chapter, it must notify the department in writing before 4:30 p.m. on the last business day in December. This notice requirement does not apply to the Minnesota Housing Finance Agency for the carryforward of unallocated unified pool balances.

Subd. 3. **Irrevocable allocation.** The department may not revoke an allocation received under this chapter after receiving a notice of issue or certificate notice from the issuer.

Subd. 4. **Allocation plan.** By January 15 of each year, the commissioner of the Minnesota Housing Finance Agency shall annually prepare a tax-exempt bond allocation plan that identifies the amount of tax-exempt bonds allocated to the Minnesota Housing Finance Agency during the previous calendar year, identifies the amount of carryforward bonds and the respective issuers pursuant to subdivision 1b, and for

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all other bond carryforward, whether or not the Minnesota Housing Fiance Agency intends to carryforward such bonds not otherwise allocated in the previous year as qualified residential rental bonds or qualified mortgage bonds or mortgage credit certificates consistent with the requirements of Internal Revenue Service Form 8328, identifies the carryforward balance of any tax-exempt bonds allocated to the Minnesota Housing Finance Agency including those bonds carried forward as qualified residential rental bonds and qualified mortgage bonds or mortgage credit certificates. Prior to January 15 of each year, the Minnesota Housing Finance Agency must post on its official Web site the tax-exempt bond allocation plan and invite public comment until February 1. The Minnesota Housing Finance Agency shall not file the Internal Revenue Service Form 8328 until the public comment period had closed on February 1 unless otherwise required by federal law.

Sec. 31. Minnesota Statutes 2016, section 474A.14, is amended to read:

474A.14 NOTICE OF AVAILABLE AUTHORITY.

The department shall provide at its official Web site a written notice of the amount of bonding authority in the housing, small issue, and public facilities pools as soon after January 1 as possible. The department shall provide at its official Web site a written notice of the amount of bonding authority available for allocation in the unified pool as soon after ~~August~~ July 1 as possible.

Sec. 32. Minnesota Statutes 2016, section 474A.21, is amended to read:

474A.21 APPROPRIATION; RECEIPTS.

Any fees collected by the department under sections 474A.01 to 474A.21 must be deposited in a separate account in the general fund. The amount necessary to refund application deposits is appropriated to the department from the separate account in the general fund for that purpose. The interest accruing on application deposits and any application deposit not refunded as provided under section 474A.061, subdivision 4 or subdivision 4a, or 474A.091, subdivision 5, or forfeited as provided under section 474A.131, subdivision 1, paragraph (c), or subdivision 2, must be deposited in the housing trust fund account under section 462A.201.

Sec. 33. Minnesota Statutes 2016, section 507.18, subdivision 2, is amended to read:

Subd. 2. **Restriction only is void.** Every provision referred to in subdivision 1 shall be void, regardless of the year the written instrument was executed, but the instrument shall have full force in all other respects and shall be construed as if no such provision were contained therein.

Sec. 34. Minnesota Statutes 2016, section 507.18, is amended by adding a subdivision to read:

Subd. 5. **Discharge of restrictive covenants related to protected classes.** The owner of any real property may file the statutory form provided in this section in any county where the property is located to discharge a restrictive covenant related to a protected class permanently from the title. This subdivision does not apply to real property registered under chapter 508 or 508A. The discharge of the restrictive covenant is valid and enforceable under the law of Minnesota when the statutory form, or a substantially similar form, is properly recorded. For the purposes of this subdivision and subdivision 6, a "protected class" means a group defined by one of the characteristics listed in section 363A.09, subdivision 1, clause (1), but does not include the exceptions provided in section 363A.21.

Sec. 35. Minnesota Statutes 2016, section 507.18, is amended by adding a subdivision to read:

Subd. 6. **Filing; recording.** (a) The county recorder must accept the statutory form provided in this subdivision for recording when:

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(1) the form has been executed before a notary;

(2) the form contains the legal description of the property;

(3) the form contains the name and address of the person who drafted the form; and

(4) the form complies with the standards for recorded documents in section 507.093.

(b) The commissioner of commerce must provide electronic copies of the statutory form in this subdivision to the public free of cost.

(c) The filing of this form does not alter or affect the duration or expiration of covenants, conditions, or restrictions under section 500.20 and may not be used to extend the effect of a covenant.

(d) The statutory form that follows may be used to discharge restrictive covenants on property that limit the ownership, occupancy, use, or financing based on protected class:

DISCHARGE OF RESTRICTIVE COVENANT AFFECTING PROTECTED CLASSES

Pursuant to Minnesota Statutes, section 507.18, any restrictive covenant affecting a protected class, including covenants which were placed on the property with the intent of restricting the use, occupancy, ownership, or financing because of a person's protected class, is discharged and released from the land described herein.

I/we, ..., solemnly swear that the contents of this form are true to the best of my/our knowledge, except as to those matters stated on information and belief, and that as to those matters I/we believe them to be true.

Name and Address of Owner(s) .....

The real property owned by owner(s) is located in ..... County, Minnesota, and is legally described as follows:

OWNER(s), ..., swears and affirms that Owner(s) is/are 18 years of age or older and is/are not under any legal incapacity and that the information provided in this form is true and correct based on the information available and based on reasonable information and belief:

(1) a restrictive covenant which had the intent to restrict the use, occupancy, ownership, or financing of this property based on a protected class existed at one time related to the property described in this form;

(2) restrictive covenants relating to or affecting protected classes are unenforceable and void pursuant to Minnesota Statutes, sections 507.18 and 363A.09, the United States Constitution, and the Minnesota Constitution;

(3) Minnesota Statutes, section 507.18, allows for the discharge of a restrictive covenant of the nature described herein through the use of this statutory form to permanently discharge such covenants from the land described herein and release the current and future landowner(s) from any such restrictive covenant related to or affecting protected classes;

(4) any covenant not related to protected classes but related to the real property described herein shall have full force in all other respects; and

(5) the filing of this form does not alter or change the duration or expiration of covenants, conditions, or restrictions under Minnesota Statutes, section 500.20.

The affiant(s) know(s) the matters herein stated are true and make(s) this affidavit for the purpose of documenting the discharge of the illegal and unenforceable restrictive covenants affecting protected classes.

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.....

Affiant (Owner(s) Signature)

Signed and sworn before me on ..... (Date), by

..... (Affiant/Owner)

.....

Signature of Notary

Stamp

My commission expires .....

This instrument was drafted by: .....

Name

.....

Address

Sec. 36. Laws 2014, chapter 312, article 2, section 14, as amended by Laws 2016, chapter 189, article 7, section 8, and Laws 2017, chapter 94, article 6, section 17, is amended to read:

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

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

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

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

(d) By June 30, 2016, if the commissioner of commerce determines on the basis of an audit that there is an excess surplus in the assigned risk plan created under Minnesota Statutes, section 79.252, the

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commissioner of management and budget shall transfer the amount of the excess surplus, not to exceed $4,820,000, to the general fund. This transfer occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1), but after the transfers authorized in paragraphs (a) and (b). If a transfer occurs under this paragraph, the amount transferred is appropriated from the general fund in fiscal year 2016 to the commissioner of labor and industry for the purposes of section 15. Both the transfer and appropriation under this paragraph are onetime.

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

(f) By June 30, ~~2017~~ 2018, and each year thereafter, if the commissioner of commerce determines on the basis of an audit that there is an excess surplus in the assigned risk plan created under Minnesota Statutes, section 79.252, the commissioner of management and budget shall transfer the amount of the excess surplus, not to exceed ~~$2,000,000~~ $3,000,000 each year, to the ~~rural policy and development center fund under Minnesota Statutes, section 116J.4221~~ Minnesota manufactured home relocation trust fund established in Minnesota Statutes, section 462A.35, subdivision 1. This transfer occurs prior to any transfer under paragraph (b) or under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1). The total amount authorized for all transfers under this paragraph must not exceed ~~$2,000,000~~ $3,000,000. This paragraph expires the day following the transfer in which the total amount transferred under this paragraph to the ~~rural policy and development center fund~~ Minnesota manufactured home relocation trust fund equals ~~$2,000,000~~ $3,000,000.

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

Sec. 37. **ADVANCES TO THE MINNESOTA MANUFACTURED HOME RELOCATION TRUST FUND.**

(a) Until June 30, 2020, the Minnesota Housing Finance Agency or Department of Management and Budget as determined by the commissioner of management and budget, is authorized to advance up to $400,000 from state appropriations or other resources to the Minnesota manufactured home relocation trust fund established under Minnesota Statutes, section 462A.35, if the account balance in the Minnesota manufactured home relocation trust fund is insufficient to pay the amounts claimed under Minnesota Statutes, section 327C.095, subdivision 13.

(b) The Minnesota Housing Finance Agency or Department of Management and Budget shall be reimbursed from the Minnesota manufactured home relocation trust fund for any money advanced by the agency under paragraph (a) to the fund. Approved claims for payment to manufactured home owners shall be paid prior to the money being advanced by the agency or the department to the fund.

Sec. 38. **HOUSING AFFORDABILITY FUND; 2019 ALLOCATIONS.**

Allocations from the Housing Finance Agency's housing affordability fund, pool 3, in 2019, may include a set-aside of ten percent for single-family home ownership development and rental housing for up to a four-plex in municipalities with a population under 10,000, or for manufactured housing projects. Any such set-aside shall remain until June 1, 2019, after which any money remaining in the set-aside shall be available to all eligible projects.

Sec. 39. **REPEALER.**

Minnesota Statutes 2016, section 471.9996, subdivision 2, is repealed.

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Sec. 40. **EFFECTIVE DATE.**

Except as otherwise noted, sections 15 to 32 are effective January 1, 2019.

ARTICLE 28

PUBLIC SAFETY APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

The sums shown in the column under "Appropriations" are added to the appropriations in Laws 2017, chapter 95, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal year indicated for each purpose.

	APPROPRIATIONS Available for the Year Ending June 30	
	2018	**2019**
Sec. 2. **GUARDIAN AD LITEM BOARD**	**$ 0**	**$ 2,940,000**

This appropriation is to hire additional guardians ad litem to comply with federal and state mandates and court orders for representing the best interests of children in juvenile and family court proceedings. The appropriation in this section is available until June 30, 2021. The general fund base for this appropriation is $1,871,000 beginning in fiscal year 2020.

Sec. 3. **PUBLIC SAFETY**

Subdivision 1. **Total Appropriation**	**$ 0**	**$ 423,000**

Appropriations by Fund

	2018	2019
General	0	323,000
Driver and Vehicle Services Fund	0	100,000

Subd. 2. **Task Force on Missing and Murdered Indigenous Women**

$48,000 is from the general fund for the Task Force on Missing and Murdered Indigenous Women. The general fund base for this appropriation shall be $45,000 in fiscal year 2020 and $0 in fiscal year 2021.

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Subd. 3. **Ignition Interlock**

$100,000 is from the driver services operating account under Minnesota Statutes, section 299A.705, for increased use of ignition interlock. The base for this appropriation shall be $125,000 beginning in fiscal year 2020.

Subd. 4. **Forensic Scientists**

$275,000 is from the general fund for two Bureau of Criminal Apprehension forensic scientists and laboratory supplies. This is an ongoing appropriation.

Sec. 4. **CORRECTIONS** **$ 0 $ 6,600,000**

This appropriation is to fund the offender health care contract. $1,968,000 is added to the base in fiscal year 2020 and $3,168,000 is added to the base in fiscal year 2021 and beyond.

Sec. 5. **HUMAN SERVICES** **$ 0 $ 12,000**

This appropriation is for state costs to update a paternity training video. This is a onetime appropriation.

Sec. 6. **TRANSFER; PEACE OFFICER TRAINING ACCOUNT DEFICIENCY.**

$125,000 is transferred in fiscal year 2019 from the general fund to the peace officer training account in the special revenue fund to pay for a projected deficiency in the peace officer training account. This is a onetime transfer.

Sec. 7. **TRANSFER; FEDERAL DISASTER, DR-4069.**

The commissioner of management and budget must transfer any unexpended balance appropriated to the Department of Public Safety for Federal Disaster DR-4069 under Laws 2012, First Special Session chapter 1, article 1, section 3, subdivision 2, as amended by Laws 2013, First Special Session chapter 1, section 2, paragraph (a), to the disaster contingency account in Minnesota Statutes, section 12.221, subdivision 6. This is a onetime transfer.

ARTICLE 29

COURTS

Section 1. Minnesota Statutes 2016, section 257.57, subdivision 1, is amended to read:

Subdivision 1. **Actions under section 257.55, subdivision 1, paragraph (a), (b), or (c).** A child, the child's biological mother, or a man presumed to be the child's father under section 257.55, subdivision 1, paragraph (a), (b), or (c) may bring an action:

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(1) at any time for the purpose of declaring the existence of the father and child relationship presumed under section 257.55, subdivision 1, paragraph (a), (b), or (c); or

(2) for the purpose of declaring the nonexistence of the father and child relationship presumed under section 257.55, subdivision 1, paragraph (a), (b), or (c), only if the action is brought within ~~two~~ three years after the person bringing the action has reason to believe that the presumed father is not the father of the child~~, but in no event later than three years after the child's birth~~. However, if the presumed father was divorced from the child's mother and if, on or before the 280th day after the judgment and decree of divorce or dissolution became final, he did not know that the child was born during the marriage or within 280 days after the marriage was terminated, the action is not barred until ~~one year after the child reaches the age of majority or one year~~ three years after the presumed father knows or reasonably should have known of the birth of the child~~, whichever is earlier~~. After the presumption has been rebutted, paternity of the child by another man may be determined in the same action, if he has been made a party.

Sec. 2. Minnesota Statutes 2016, section 257.57, subdivision 2, is amended to read:

Subd. 2. **Actions under other paragraphs of section 257.55, subdivision 1.** The child, the mother, or personal representative of the child, the public authority chargeable by law with the support of the child, the personal representative or a parent of the mother if the mother has died or is a minor, a man alleged or alleging himself to be the father, or the personal representative or a parent of the alleged father if the alleged father has died or is a minor may bring an action:

(1) at any time for the purpose of declaring the existence of the father and child relationship presumed under sections 257.55, subdivision 1, paragraph (d), (e), (g), or (h), and 257.62, subdivision 5, paragraph (b)~~, or the nonexistence of the father and child relationship presumed under section 257.55, subdivision 1, clause (d)~~;

(2) for the purpose of declaring the nonexistence of the father and child relationship presumed under section 257.55, subdivision 1, paragraph (d), only if the action is brought within three years from when the presumed father began holding the child out as his own;

(3) for the purpose of declaring the nonexistence of the father and child relationship presumed under section 257.55, subdivision 1, paragraph (e) or (g), only if the action is brought within ~~six months~~ three years after the person bringing the action ~~obtains the results of blood or genetic tests that indicate that the presumed father is not the father of the child~~ has reason to believe that the presumed father is not the biological father;

~~(3)~~ (4) for the purpose of declaring the nonexistence of the father and child relationship presumed under section 257.62, subdivision 5, paragraph (b), only if the action is brought within three years after the party bringing the action, or the party's attorney of record, has been provided ~~the blood or~~ genetic test results; or

~~(4)~~ (5) for the purpose of declaring the nonexistence of the father and child relationship presumed under section 257.75, subdivision 9, only if the action is brought by the minor signatory within ~~six months~~ three years after the youngest minor signatory reaches the age of 18 or three years after the person bringing the action has reason to believe that the father is not the biological father of the child, whichever is later. ~~In the case of a recognition of parentage executed by two minor signatories, the action to declare the nonexistence of the father and child relationship must be brought within six months after the youngest signatory reaches the age of 18.~~

Sec. 3. Minnesota Statutes 2016, section 257.57, is amended by adding a subdivision to read:

Subd. 7. **Nonexistence of father-child relationship.** (a) An action to declare the nonexistence of the father-child relationship must be personally served on all parties and meet the requirements of either

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subdivision 1 or 2. An action must be brought by a petition, except that a motion may be filed in an underlying action regarding parentage, custody, or parenting time.

(b) An action to declare the nonexistence of the father-child relationship cannot proceed if the court finds that in a previous proceeding:

(1) the father-child relationship was contested and a court order determined the existence of the father-child relationship; or

(2) the father-child relationship was determined based upon a court order as a result of a stipulation or joint petition of the parties.

(c) Nothing in this subdivision precludes a party from relief under section 518.145, subdivision 2, clauses (1) to (3), if applicable, or the Minnesota Rules of Civil Procedure.

(d) In evaluating whether or not to declare the nonexistence of the father-child relationship, the court must consider, evaluate, and make written findings on the following factors:

(1) the length of time between the paternity adjudication or presumption of paternity and the time that the moving party knew or should have known that the presumed or adjudicated father might not be the biological father;

(2) the length of time during which the presumed or adjudicated father has assumed the role of father of the child;

(3) the facts surrounding the moving party's discovery of the presumed or adjudicated father's possible nonpaternity;

(4) the nature of the relationship between the child and the presumed or adjudicated father;

(5) the current age of the child;

(6) the harm or benefit that may result to the child if the court ends the father-child relationship of the current presumed or adjudicated father;

(7) the nature of the relationship between the child and any presumed or adjudicated father;

(8) the parties' agreement to the nonexistence of the father-child relationship and adjudication of paternity in the same action;

(9) the extent to which the passage of time reduces the chances of establishing paternity of another man and a child support order for that parent;

(10) the likelihood of adjudication of the biological father if not already joined in this action; and

(11) any additional factors deemed to be relevant by the court.

(e) The burden of proof shall be on the petitioner to show by clear and convincing evidence that, after consideration of the factors in paragraph (d), declaring the nonexistence of the father-child relationship is in the child's best interests.

(f) The court may grant the relief in the petition or motion upon finding that:

(1) the moving party has met the requirements of this section;

(2) the genetic testing results were properly conducted in accordance with section 257.62;

(3) the presumed or adjudicated father has not adopted the child;

(4) the child was not conceived by artificial insemination that meets the requirements under section 257.56 or that the presumed or adjudicated father voluntarily agreed to the artificial insemination; and

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(5) the presumed or adjudicated father did not act to prevent the biological father of the child from asserting his parental rights with respect to the child.

(g) Upon granting the relief sought in the petition or motion, the court shall order the following:

(1) the father-child relationship has ended and the presumed or adjudicated father's parental rights and responsibilities end upon the granting of the petition;

(2) the presumed or adjudicated father's name shall be removed from the minor child's birth record and a new birth certificate shall be issued upon the payment of any fees;

(3) the presumed or adjudicated father's obligation to pay ongoing child support shall be terminated, effective on the first of the month after the petition or motion was served;

(4) any unpaid child support due prior to service of the petition or motion remains due and owing absent an agreement of all parties including the public authority, or the court determines other relief is appropriate under the Rules of Civil Procedure; and

(5) the presumed or adjudicated father has no right to reimbursement of past child support paid to the mother, the public authority, or any other assignee of child support.

The order must include the provisions of section 257.66 if another party to the action is adjudicated as the father of the child.

Sec. 4. Minnesota Statutes 2016, section 257.75, subdivision 4, is amended to read:

Subd. 4. **Action to vacate recognition.** (a) An action to vacate a recognition of paternity may be brought by the mother, father, husband or former husband who executed a joinder, or the child. An action to vacate a recognition of parentage may be brought by the public authority. A mother, father, or husband or former husband who executed a joinder must bring the action within ~~one year of the execution of the recognition or within six months after the person bringing the action obtains the results of blood or genetic tests that indicate that the man who executed the recognition is not the father of the child~~ three years after the person bringing the action has reason to believe that the father is not the biological father of the child. A child must bring an action to vacate within ~~six months~~ three years after the child ~~obtains the result of blood or genetic tests that indicate that~~ has reason to believe the man who executed the recognition is not the biological father of the child, or within one year of reaching the age of majority, whichever is later. If the court finds a prima facie basis for vacating the recognition, the court shall order the child, mother, father, and husband or former husband who executed a joinder to submit to ~~blood~~ genetic tests. If the court issues an order for the taking of ~~blood~~ genetic tests, the court shall require the party seeking to vacate the recognition to make advance payment for the costs of the ~~blood~~ genetic tests, unless the parties agree and the court finds that the previous genetic test results exclude the man who executed the recognition as the biological father of the child. If the party fails to pay for the costs of the ~~blood~~ genetic tests, the court shall dismiss the action to vacate with prejudice. The court may also order the party seeking to vacate the recognition to pay the other party's reasonable attorney fees, costs, and disbursements. If the results of the ~~blood~~ genetic tests establish that the man who executed the recognition is not the father, the court shall vacate the recognition. Notwithstanding the vacation of the recognition, the court may adjudicate the man who executed the recognition under any other applicable paternity presumption under section 257.55. If a recognition is vacated, any joinder in the recognition under subdivision 1a is also vacated. The court shall terminate the obligation of a party to pay ongoing child support based on the recognition. A modification of child support based on a recognition may be made retroactive with respect to any period during which the moving party has pending a motion to vacate the recognition but only from the date of service of notice of the motion on the responding party.

(b) The burden of proof in an action to vacate the recognition is on the moving party. The moving party must request the vacation on the basis of fraud, duress, or material mistake of fact. The legal responsibilities

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in existence at the time of an action to vacate, including child support obligations, may not be suspended during the proceeding, except for good cause shown.

EFFECTIVE DATE. This section is effective July 1, 2018, and applies to recognition of parentage signed on or after that date.

Sec. 5. Minnesota Statutes 2016, section 357.021, subdivision 2b, is amended to read:

Subd. 2b. **Court technology fund.** (a) In addition to any other filing fee under this chapter, the court administrator shall collect a $2 technology fee on filings made under subdivision 2, clauses (1) to (13). The court administrator shall transmit the fee monthly to the commissioner of management and budget for deposit in the court technology account in the special revenue fund.

(b) A court technology account is established as a special account in the state treasury and funds deposited in the account are appropriated to the Supreme Court for distribution of technology funds as provided in paragraph (d). Technology funds may be used for the following purposes: acquisition, development, support, maintenance, and upgrades to computer systems, equipment and devices, network systems, electronic records, filings and payment systems, interactive video teleconferencing, and online services, to be used by the state courts and their justice partners.

(c) The Judicial Council may establish a board consisting of members from the judicial branch, prosecutors, public defenders, corrections, and civil legal services to distribute funds collected under paragraph (a). The Judicial Council may adopt policies and procedures for the operation of the board, including but not limited to policies and procedures governing membership terms, removal of members, and the filling of membership vacancies.

(d) Applications for the expenditure of technology funds shall be accepted from the judicial branch, county and city attorney offices, the Board of Public Defense, qualified legal services programs as defined under section 480.24, corrections agencies, and part-time public defender offices. The applications shall be reviewed by the Judicial Council and, if established, the board. In accordance with any recommendations from the board, the Judicial Council shall distribute the funds available for this expenditure to selected recipients.

(e) By January 15, ~~2015~~ 2019, January 15, 2021, January 15, 2023, and ~~by~~ January 15, ~~2017~~ 2024, the Judicial Council shall submit a report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over judiciary finance providing an accounting on the amounts collected and expended in the previous biennium, including a list of fund recipients, the amounts awarded to each recipient, and the technology purpose funded.

(f) ~~This subdivision~~ The fee collected under paragraph (a) expires June 30, ~~2018~~ 2023. This subdivision expires December 31, 2023.

Sec. 6. Minnesota Statutes 2016, section 518.145, subdivision 2, is amended to read:

Subd. 2. **Reopening.** On motion and upon terms as are just, the court may relieve a party from a judgment and decree, order, or proceeding under this chapter, except for provisions dissolving the bonds of marriage, annulling the marriage, or directing that the parties are legally separated, and may order a new trial or grant other relief as may be just for the following reasons:

(1) mistake, inadvertence, surprise, or excusable neglect;

(2) newly discovered evidence which by due diligence could not have been discovered in time to move for a new trial under the Rules of Civil Procedure, rule 59.03;

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(3) fraud, whether denominated intrinsic or extrinsic, misrepresentation, or other misconduct of an adverse party;

(4) the judgment and decree or order is void; or

(5) the judgment has been satisfied, released, or discharged, or a prior judgment and decree or order upon which it is based has been reversed or otherwise vacated, or it is no longer equitable that the judgment and decree or order should have prospective application.

The motion must be made within a reasonable time, and for a reason under clause (1), (2), or (3), other than a motion to declare the nonexistence of the father-child relationship, not more than one year after the judgment and decree, order, or proceeding was entered or taken. An action to declare the nonexistence of the father-child relationship must be made within a reasonable time under clause (1), (2), or (3), and not more than three years after the person bringing the action has reason to believe that the father is not the father of the child. A motion under this subdivision does not affect the finality of a judgment and decree or order or suspend its operation. This subdivision does not limit the power of a court to entertain an independent action to relieve a party from a judgment and decree, order, or proceeding or to grant relief to a party not actually personally notified as provided in the Rules of Civil Procedure, or to set aside a judgment for fraud upon the court.

Sec. 7. Minnesota Statutes 2016, section 590.11, subdivision 1, is amended to read:

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

(b) "Exonerated" means that:

(1) a court ~~of this state~~:

(i) vacated ~~or~~, reversed, or set aside a judgment of conviction on grounds consistent with innocence and there are no remaining felony charges in effect against the petitioner from the same behavioral incident, or if there are remaining felony charges against the petitioner from the same behavioral incident, the prosecutor ~~dismissed the~~ dismisses those remaining felony charges; or

(ii) ordered a new trial on grounds consistent with innocence and the prosecutor dismissed ~~the charges or the petitioner was found not guilty at the new trial~~ all felony charges against the petitioner arising from the same behavioral incident or the petitioner was found not guilty of all felony charges arising from the same behavioral incident at the new trial; ~~and~~

(2) the time for appeal of the order resulting in exoneration has expired or the order has been affirmed and is final~~.~~; and

(3) 60 days has passed since the judgment of conviction was reversed or vacated, and the prosecutor has not filed any felony charges against the petitioner from the same behavioral incident, or if the prosecutor did file felony charges against the petitioner from the same behavioral incident, those felony charges were dismissed or the defendant was found not guilty of those charges at the new trial.

(c) "On grounds consistent with innocence" means either:

(1) exonerated, through a pardon or sentence commutation, based on factual innocence; or

(2) exonerated because the judgment of conviction was vacated or reversed, or a new trial was ordered, and there is any evidence of factual innocence whether it was available at the time of investigation or trial or is newly discovered evidence.

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Sec. 8. Minnesota Statutes 2016, section 590.11, subdivision 2, is amended to read:

Subd. 2. **Procedure.** A petition for an order declaring eligibility for compensation based on exoneration under sections 611.362 to 611.368 must be brought before the district court where the original conviction was obtained. The state must be represented by the office of the prosecutor that obtained the conviction or the prosecutor's successor. Within 60 days after the filing of the petition, the prosecutor must respond to the petition. A petition must be brought within two years, but no less than 60 days after the petitioner is exonerated. ~~Persons released from custody after being exonerated before July 1, 2014, must commence an action under this section within two years of July 1, 2014.~~ If, before July 1, 2018, a person did not meet both requirements of Minnesota Statutes 2016, section 590.11, subdivision 1, paragraph (b), clause (1), item (i), and did not file a petition or the petition was denied, that person may commence an action meeting the requirements under section 7, subdivision 1, paragraph (b), clause (1), item (i), on or after July 1, 2018, and before July 1, 2020.

Sec. 9. Minnesota Statutes 2016, section 590.11, subdivision 5, is amended to read:

Subd. 5. **Elements.** (a) A claim for compensation arises if a person is eligible for compensation under subdivision 3 and:

(1) the person was convicted of a felony and served any part of the imposed sentence ~~in prison~~;

(2) in cases where the person was convicted of multiple charges arising out of the same behavioral incident, the person was exonerated for all of those charges;

(3) the person did not commit or induce another person to commit perjury or fabricate evidence to cause or bring about the conviction; and

(4) the person was not serving a term of ~~imprisonment~~ incarceration for another crime at the same time, ~~provided that~~ except:

(i) if the person served additional time in prison due to the conviction that is the basis of the claim, the person may make a claim for that portion of time served in prison during which the person was serving no other sentence~~.~~; or

(ii) if the person served additional executed sentences that had been previously stayed, and the reason the additional stayed sentences were executed was due to the conviction that is the basis for the claim.

(b) A claimant may make a claim only for that portion of time served in prison during which the claimant was serving no other sentence unless the other sentence arose from the circumstances described in paragraph (a), clause (4), item (ii).

(c) A confession or admission later found to be false or a guilty plea to a crime the claimant did not commit does not constitute bringing about the claimant's conviction for purposes of paragraph (a), clause (3).

Sec. 10. Minnesota Statutes 2016, section 590.11, subdivision 7, is amended to read:

Subd. 7. **Order.** If, after considering all the files and records admitted and any evidence admitted at a hearing held pursuant to subdivision 4, the court determines that the petitioner is eligible for compensation, the court shall issue an order containing its findings and, if applicable, indicate the portion of the term of ~~imprisonment~~ incarceration for which the petitioner is entitled to make a claim. The court shall notify the petitioner of the right to file a claim for compensation under sections 611.362 to 611.368 and provide the petitioner with a copy of those sections. The petitioner must acknowledge receipt of the notice and a copy of those sections in writing or on the record before the court.

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Sec. 11. Minnesota Statutes 2016, section 609.015, subdivision 1, is amended to read:

Subdivision 1. **Common law crimes abolished.** Common law crimes are abolished and no act or omission is a crime unless made so by this chapter or by other applicable statute~~, but~~. This does not prevent the use of common law rules in the construction or interpretation of the provisions of this chapter or other statute except that a law reducing a sentence does not apply to crimes committed prior to the date on which the change takes effect unless the statute specifically states otherwise. Crimes committed prior to September 1, 1963, are not affected thereby.

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

Sec. 12. Minnesota Statutes 2016, section 611.365, subdivision 2, is amended to read:

Subd. 2. **Reimbursement; monetary damages; attorney fees.** (a) The claimant is entitled to reimbursement for all restitution, assessments, fees, court costs, and other sums paid by the claimant as required by the judgment and sentence. In addition, the claimant is entitled to monetary damages of not less than $50,000 for each year of ~~imprisonment~~ incarceration, and not less than $25,000 for each year served on supervised release or as a registered predatory offender, to be prorated for partial years served. In calculating additional monetary damages, the panel shall consider:

(1) economic damages, including reasonable attorney fees, lost wages, reimbursement for costs associated with the claimant's criminal defense;

(2) reimbursement for medical and dental expenses that the claimant already incurred and future unpaid expenses expected to be incurred as a result of the claimant's ~~imprisonment~~ incarceration;

(3) noneconomic damages for personal physical injuries or sickness and any nonphysical injuries or sickness incurred as a result of ~~imprisonment~~ incarceration;

(4) reimbursement for any tuition and fees paid for each semester successfully completed by the claimant in an educational program or for employment skills and development training, up to the equivalent value of a four-year degree at a public university, and reasonable payment for future unpaid costs for education and training, not to exceed the anticipated cost of a four-year degree at a public university;

(5) reimbursement for paid or unpaid child support payments owed by the claimant that became due, and interest on child support arrearages that accrued, during the time served in prison provided that there shall be no reimbursement for any child support payments already owed before the claimant's incarceration; and

(6) reimbursement for reasonable costs of paid or unpaid reintegrative expenses for immediate services secured by the claimant upon exoneration and release, including housing, transportation and subsistence, reintegrative services, and medical and dental health care costs.

(b) The panel shall award the claimant reasonable attorney fees incurred in bringing a claim under sections 611.362 to 611.368 and in obtaining an order of eligibility for compensation based on exoneration under chapter 590.

Sec. 13. Minnesota Statutes 2016, section 611.365, subdivision 3, is amended to read:

Subd. 3. **Limits on damages.** There is no limit on the aggregate amount of damages that may be awarded under this section. Damages that may be awarded under subdivision 2, paragraph (a), clauses (1) and (4) to (6), are limited to $100,000 per year of ~~imprisonment~~ incarceration and $50,000 per year served on supervised release or as a registered predatory offender.

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Sec. 14. Minnesota Statutes 2016, section 611.367, is amended to read:

611.367 COMPENSATING EXONERATED PERSONS; APPROPRIATIONS PROCESS.

The compensation panel established in section 611.363 shall forward an award of damages under section 611.365 to the commissioner of management and budget. The commissioner shall submit the amount of the award to the legislature for consideration as an appropriation ~~during the next session of the legislature~~.

Sec. 15. Minnesota Statutes 2016, section 611.368, is amended to read:

611.368 SHORT TITLE.

Sections 611.362 to 611.368 shall be cited as the "~~Imprisonment~~ Incarceration and Exoneration Remedies Act."

Sec. 16. Minnesota Statutes 2016, section 626A.08, subdivision 2, is amended to read:

Subd. 2. **Application and orders.** (a) Applications made and warrants issued under this chapter shall be sealed by the judge. Custody of the applications and orders shall be wherever the judge directs. Such applications and orders shall be disclosed only upon a showing of good cause before a judge of the district court and shall not be destroyed except on order of the issuing or denying judge, and in any event shall be kept for ten years.

(b) Notwithstanding paragraph (a), the filing, sealing, and reporting requirements for applications made and warrants issued under this chapter that involve location information of electronic devices, as defined in section 626A.42, are governed by section 626A.42, subdivision 4. However, applications and warrants, or portions of applications and warrants, that do not involve location information of electronic devices continue to be governed by paragraph (a).

Sec. 17. Minnesota Statutes 2016, section 626A.37, subdivision 4, is amended to read:

Subd. 4. **Nondisclosure of existence of pen register, trap and trace device, or mobile tracking device.** (a) An order authorizing or approving the installation and use of a pen register, trap and trace device, or a mobile tracking device must direct that:

(1) the order be sealed until otherwise ordered by the court; and

(2) the person owning or leasing the line to which the pen register or a trap and trace device is attached, or who has been ordered by the court to provide assistance to the applicant, not disclose the existence of the pen register, trap and trace device, mobile tracking device, or the existence of the investigation to the listed subscriber, or to any other person, unless or until otherwise ordered by the court.

(b) Paragraph (a) does not apply to an order that involves location information of electronic devices, as defined in section 626A.42. Instead, the filing, sealing, and reporting requirements for those orders are governed by section 626A.42, subdivision 4. However, any portion of an order that does not involve location information of electronic devices continues to be governed by paragraph (a).

ARTICLE 30

PUBLIC SAFETY, CORRECTIONS, AND GENERAL CRIME

Section 1. Minnesota Statutes 2016, section 171.24, is amended to read:

171.24 VIOLATIONS; DRIVING WITHOUT VALID LICENSE.

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Subdivision 1. **Driving after suspension; misdemeanor.** Except as otherwise provided in subdivision 5, a person is guilty of a misdemeanor if:

(1) the person's driver's license or driving privilege has been suspended;

(2) the person has been given notice of or reasonably should know of the suspension; and

(3) the person disobeys the order by operating in this state any motor vehicle, the operation of which requires a driver's license, while the person's license or privilege is suspended.

Subd. 2. **Driving after revocation; misdemeanor.** Except as otherwise provided in subdivision 5, a person is guilty of a misdemeanor if:

(1) the person's driver's license or driving privilege has been revoked;

(2) the person has been given notice of or reasonably should know of the revocation; and

(3) the person disobeys the order by operating in this state any motor vehicle, the operation of which requires a driver's license, while the person's license or privilege is revoked.

Subd. 3. **Driving after cancellation; misdemeanor.** Except as otherwise provided in subdivision 5, a person is guilty of a misdemeanor if:

(1) the person's driver's license or driving privilege has been canceled;

(2) the person has been given notice of or reasonably should know of the cancellation; and

(3) the person disobeys the order by operating in this state any motor vehicle, the operation of which requires a driver's license, while the person's license or privilege is canceled.

Subd. 4. **Driving after disqualification; misdemeanor.** Except as otherwise provided in subdivision 5, a person is guilty of a misdemeanor if the person:

(1) has been disqualified from holding a commercial driver's license or been denied the privilege to operate a commercial motor vehicle;

(2) has been given notice of or reasonably should know of the disqualification; and

(3) disobeys the order by operating in this state a commercial motor vehicle while the person is disqualified to hold the license or privilege.

Subd. 5. **Gross misdemeanor violations.** (a) A person is guilty of a gross misdemeanor if:

(1) the person's driver's license or driving privilege has been canceled or denied under section 171.04, subdivision 1, clause (10);

(2) the person has been given notice of or reasonably should know of the cancellation or denial; and

(3) the person disobeys the order by operating in this state any motor vehicle, the operation of which requires a driver's license, while the person's license or privilege is canceled or denied.

(b) A person is guilty of a gross misdemeanor if the person:

(1) violates this section;

(i) and causes a collision resulting in substantial bodily harm, as defined in section 609.02, subdivision 7a, or death to another; or

(ii) within ten years of the first of two prior convictions under this section; and

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(2) at the time of the violation the person's driver's license or driving privilege has been suspended, revoked, or canceled, or the person has been disqualified from holding a commercial driver's license or been denied the privilege to operate a commercial motor vehicle, pursuant to:

(i) section 169.89, subdivision 5; 169A.52; 169A.54; 171.05, subdivision 2b, paragraph (d); 171.13, subdivision 3 or 4; 171.17, subdivision 1, clause (1) or (10); 171.177; 171.18, subdivision 1, clause (2), (3), (4), (5), or (11); 171.32; or 260B.225, subdivision 9; or a violation of section 169.13; 169.21; 169.444; 609.19, subdivision 1, clause (2); or 609.487, subdivisions 3 to 5; or any violation of chapter 169A; or

(ii) a law from another state similar to those described in item (i).

Subd. 6. **Responsibility for prosecution.** (a) The attorney in the jurisdiction in which the violation occurred who is responsible for prosecution of misdemeanor violations of this section is also responsible for prosecution of gross misdemeanor violations of this section.

(b) Nothing in this section or section 609.035 or 609.04 shall limit the power of the state to prosecute or punish a person for conduct that constitutes any other crime under any other law of this state.

Subd. 7. **Sufficiency of notice.** (a) Notice of revocation, suspension, cancellation, or disqualification is sufficient if personally served, or if mailed by first class mail to the person's last known address or to the address listed on the person's driver's license. Notice is also sufficient if the person was informed that revocation, suspension, cancellation, or disqualification would be imposed upon a condition occurring or failing to occur, and where the condition has in fact occurred or failed to occur.

(b) It is not a defense that a person failed to file a change of address with the post office, or failed to notify the Department of Public Safety of a change of name or address as required under section 171.11.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 2. Minnesota Statutes 2017 Supplement, section 171.3215, subdivision 2, is amended to read:

Subd. 2. **Cancellation for disqualifying and other offenses.** Within ten days of receiving notice under section 631.40, subdivision 1a, or otherwise receiving notice for a nonresident driver, that a school bus driver has been convicted of, or received a stay of adjudication for, a disqualifying offense, the commissioner shall permanently cancel the school bus driver's endorsement on the offender's driver's license and in the case of a nonresident, the driver's privilege to operate a school bus in Minnesota. A school bus driver whose endorsement or privilege to operate a school bus in Minnesota has been permanently canceled may not apply for reinstatement. Within ten days of receiving notice under section 631.40, subdivision 1a, or otherwise receiving notice for a nonresident driver, that a school bus driver has been convicted of a violation of section 169A.20, or a similar statute or ordinance from another state, and within ten days of revoking a school bus driver's license under section 169A.52 or 171.177, the commissioner shall cancel the school bus driver's endorsement on the offender's driver's license or the nonresident's privilege to operate a school bus in Minnesota for five years. After five years, a school bus driver may apply to the commissioner for reinstatement. Even after five years, cancellation of a school bus driver's endorsement or a nonresident's privilege to operate a school bus in Minnesota for a violation under section 169A.20, sections 169A.50 to 169A.53, section 171.177, or a similar statute or ordinance from another state, shall remain in effect until the driver provides proof of successful completion of an alcohol or controlled substance treatment program. For a first offense, proof of completion is required only if treatment was ordered as part of a chemical use assessment. Within ten days of receiving notice under section 631.40, subdivision 1a, or otherwise receiving notice for a nonresident driver, that a school bus driver has been convicted of a fourth moving violation in the last three years, the commissioner shall cancel the school bus driver's endorsement on the offender's driver's license or the nonresident's privilege to operate a school bus in Minnesota until one year has elapsed since the last conviction. A school bus driver who has no new convictions after one year may apply for reinstatement. Upon canceling the offender's school bus driver's endorsement, the commissioner shall

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immediately notify the licensed offender of the cancellation in writing, by depositing in the United States post office a notice addressed to the licensed offender at the licensed offender's last known address, with postage prepaid thereon.

Sec. 3. Minnesota Statutes 2017 Supplement, section 171.3215, subdivision 3, is amended to read:

Subd. 3. **Background check.** Before issuing or renewing a driver's license with a school bus driver's endorsement, the commissioner shall conduct an investigation to determine if the applicant has been convicted of, or received a stay of adjudication for, committing a disqualifying offense, four moving violations in the previous three years, a violation of section 169A.20 or a similar statute or ordinance from another state, a gross misdemeanor, or if the applicant's driver's license has been revoked under section 169A.52 or 171.177. The commissioner shall not issue a new bus driver's endorsement and shall not renew an existing bus driver's endorsement if the applicant has been convicted of committing a disqualifying offense. The commissioner shall not issue a new bus driver's endorsement and shall not renew an existing bus driver's endorsement if, within the previous five years, the applicant has been convicted of committing a violation of section 169A.20, or a similar statute or ordinance from another state, a gross misdemeanor, or if the applicant's driver's license has been revoked under section 169A.52 or 171.177, or if, within the previous three years, the applicant has been convicted of four moving violations. An applicant who has been convicted of violating section 169A.20, or a similar statute or ordinance from another state, or who has had a license revocation under section 169A.52 or 171.177 within the previous ten years must show proof of successful completion of an alcohol or controlled substance treatment program in order to receive a bus driver's endorsement. For a first offense, proof of completion is required only if treatment was ordered as part of a chemical use assessment. A school district or contractor that employs a nonresident school bus driver must conduct a background check of the employee's driving record and criminal history in both Minnesota and the driver's state of residence. Convictions for disqualifying offenses, gross misdemeanors, a fourth moving violation within the previous three years, or violations of section 169A.20, or a similar statute or ordinance in another state, must be reported to the Department of Public Safety.

Sec. 4. Minnesota Statutes 2016, section 242.192, is amended to read:

242.192 CHARGES TO COUNTIES.

The commissioner shall charge counties or other appropriate jurisdictions 65 percent of the per diem cost of confinement, excluding educational costs and nonbillable service, of juveniles at the Minnesota Correctional Facility-Red Wing and of juvenile females committed to the commissioner of corrections. This charge applies to juveniles committed to the commissioner of corrections and juveniles admitted to the Minnesota Correctional Facility-Red Wing under established admissions criteria. This charge applies to both counties that participate in the Community Corrections Act and those that do not. The commissioner shall determine the per diem cost of confinement based on projected population, pricing incentives, and market conditions~~, and the requirement that expense and revenue balance out over a period of two years~~. All money received under this section must be deposited in the state treasury and credited to the general fund.

Sec. 5. Minnesota Statutes 2016, section 299A.707, is amended by adding a subdivision to read:

Subd. 6. **Annual transfer.** In fiscal year 2018 and each year thereafter, the commissioner of management and budget shall transfer $461,000 from the general fund to the community justice reinvestment account.

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Sec. 6. Minnesota Statutes 2016, section 626.8452, is amended by adding a subdivision to read:

Subd. 6. **Prohibition on disarming local law enforcement officers.** Unless expressly authorized under another section of law, a mayor, city council, county board, or chief law enforcement officer may not disarm a peace officer who is in good standing and not currently under investigation or subject to disciplinary action.

Sec. 7. Minnesota Statutes 2016, section 631.40, subdivision 1a, is amended to read:

Subd. 1a. **Certified copy of disqualifying offense convictions sent to public safety and school districts.** When a person is convicted of, or receives a stay of adjudication for, committing a disqualifying offense, as defined in section 171.3215, subdivision 1, a gross misdemeanor, a fourth moving violation within the previous three years, or a violation of section 169A.20, or a similar statute or ordinance from another state, the court shall determine whether the offender is a school bus driver as defined in section 171.3215, subdivision 1, whether the offender possesses a school bus driver's endorsement on the offender's driver's license and in what school districts the offender drives a school bus. If the offender is a school bus driver or possesses a school bus driver's endorsement, the court administrator shall send a certified copy of the conviction or stay of adjudication to the Department of Public Safety and to the school districts in which the offender drives a school bus within ten days after the conviction or stay of adjudication.

Sec. 8. **TASK FORCE ON MISSING AND MURDERED INDIGENOUS WOMEN.**

Subdivision 1. **Creation and duties.** (a) By September 1, 2018, the commissioner, in consultation with the Minnesota Indian Affairs Council, shall appoint members to the Task Force on Missing and Murdered Indigenous Women to advise the commissioner and report to the legislature on recommendations to reduce and end violence against indigenous women and girls in Minnesota. The task force shall also serve as a liaison between the commissioner and agencies and nongovernmental organizations that provide services to victims, victims' families, and victims' communities. Task force members may receive expense reimbursement as specified in Minnesota Statutes, section 15.059, subdivision 6.

(b) The Task Force on Missing and Murdered Indigenous Women must examine and report on the following:

(1) the systemic causes behind violence that indigenous women and girls experience, including patterns and underlying factors that explain why disproportionately high levels of violence occur against indigenous women and girls, including underlying historical, social, economic, institutional, and cultural factors which may contribute to the violence;

(2) appropriate methods for tracking and collecting data on violence against indigenous women and girls, including data on missing and murdered indigenous women and girls;

(3) policies and institutions such as policing, child welfare, coroner practices, and other governmental practices that impact violence against indigenous women and girls and the investigation and prosecution of crimes of gender violence against indigenous people;

(4) measures necessary to address and reduce violence against indigenous women and girls; and

(5) measures to help victims, victims' families, and victims' communities prevent and heal from violence that occurs against indigenous women and girls.

(c) For the purposes of this section, "commissioner" means the commissioner of public safety and "nongovernmental organizations" means nonprofit, nongovernmental organizations that provide legal, social, or other community services.

Subd. 2. **Membership.** (a) To the extent practicable, the Task Force on Missing and Murdered Indigenous Women shall consist of the following individuals, or their designees, who are knowledgeable in crime

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victims' rights or violence protection and, unless otherwise specified, members shall be appointed by the commissioner:

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

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

(3) two representatives from among the following:

(i) the Minnesota Chiefs of Police Association;

(ii) the Minnesota Sheriffs' Association;

(iii) the Bureau of Criminal Apprehension;

(iv) the Minnesota Police and Peace Officers Association; or

(v) a peace officer who works for and resides on a federally recognized American Indian reservation in Minnesota;

(4) a representative from among the following:

(i) the Minnesota County Attorneys Association;

(ii) the United States Attorney's Office; or

(iii) a judge or attorney working in juvenile court;

(5) a county coroner or a representative from a statewide coroner's association or a representative of the Department of Health;

(6) two representatives for tribal governments, with a focus on individuals who work with victims of violence or their families; and

(7) four representatives from among the following:

(i) a tribal, statewide, or local organization that provides legal services to indigenous women and girls;

(ii) a tribal, statewide, or local organization that provides advocacy or counseling for indigenous women and girls who have been victims of violence;

(iii) a tribal, statewide, or local organization that provides services to indigenous women and girls;

(iv) a representative from the Minnesota Indian Women's Sexual Assault Coalition;

(v) a representative from Mending the Sacred Hoop;

(vi) a representative from an Indian health organization or agency; or

(vii) an indigenous woman who is a survivor of gender violence.

(b) Members of the task force serve at the pleasure of the appointing authority or until the task force expires. Vacancies shall be filled by the commissioner consistent with the qualifications of the vacating member required by this subdivision.

Subd. 3. **Officers; meetings.** (a) The task force shall be chaired by one of the task force's legislative members. The legislative members shall annually elect a chair and vice-chair from among the task force's legislative members, and may elect other officers as necessary. The task force shall meet at least quarterly, or upon the call of its chair. The task force shall meet sufficiently enough to accomplish the tasks identified

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in this section. Meetings of the task force are subject to Minnesota Statutes, chapter 13D. The task force shall seek out and enlist the cooperation and assistance of nongovernmental organizations, community and advocacy organizations working with the American Indian community, and academic researchers and experts, specifically those specializing in violence against indigenous women and girls, representing diverse communities disproportionately affected by violence against women and girls, or focusing on issues related to gender violence and violence against indigenous women and girls.

(b) The commissioner shall convene the first meeting of the task force no later than October 1, 2018, and shall provide meeting space and administrative assistance as necessary for the task force to conduct its work.

Subd. 4. **Report.** The task force shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over public safety, human services, and state government on the work of the task force, including but not limited to the issues to be examined in subdivision 1, and shall include in the report institutional policies and practices or proposed institutional policies and practices that are effective in reducing gender violence and increasing the safety of indigenous women and girls. The report shall include recommendations to reduce and end violence against indigenous women and girls and help victims and communities heal from gender violence and violence against indigenous women and girls. The report shall be submitted to the legislative committees by June 30, 2020.

Subd. 5. **Expiration.** Notwithstanding Minnesota Statutes, section 15.059, the task force expires June 30, 2020.

Sec. 9. **SUPERSEDING AMENDMENT.**

The amendment to Minnesota Statutes, section 631.40, subdivision 1a, in section 7 supersedes any other amendment to Minnesota Statutes, section 631.40, subdivision 1a, enacted in this act.

Sec. 10. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall make necessary cross-reference changes in Minnesota Statutes and Minnesota Rules resulting from the amendments to Minnesota Statutes, sections 609.2112, subdivision 1, and 609.2114, subdivision 1, in Laws 2016, chapter 109.

Sec. 11. **REPEALER.**

Minnesota Statutes 2016, section 401.13, is repealed.

ARTICLE 31

SEX OFFENDERS

Section 1. Minnesota Statutes 2016, section 260.012, is amended to read:

260.012 DUTY TO ENSURE PLACEMENT PREVENTION AND FAMILY REUNIFICATION; REASONABLE EFFORTS.

(a) Once a child alleged to be in need of protection or services is under the court's jurisdiction, the court shall ensure that reasonable efforts, including culturally appropriate services, by the social services agency are made to prevent placement or to eliminate the need for removal and to reunite the child with the child's family at the earliest possible time, and the court must ensure that the responsible social services agency makes reasonable efforts to finalize an alternative permanent plan for the child as provided in paragraph (e). In determining reasonable efforts to be made with respect to a child and in making those reasonable efforts, the child's best interests, health, and safety must be of paramount concern. Reasonable efforts to prevent

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placement and for rehabilitation and reunification are always required except upon a determination by the court that a petition has been filed stating a prima facie case that:

(1) the parent has subjected a child to egregious harm as defined in section 260C.007, subdivision 14;

(2) the parental rights of the parent to another child have been terminated involuntarily;

(3) the child is an abandoned infant under section 260C.301, subdivision 2, paragraph (a), clause (2);

(4) the parent's custodial rights to another child have been involuntarily transferred to a relative under Minnesota Statutes 2010, section 260C.201, subdivision 11, paragraph (d), clause (1), section 260C.515, subdivision 4, or a similar law of another jurisdiction;

(5) the parent has committed sexual abuse as defined in section 626.556, subdivision 2, against the child or another child of the parent;

(6) the parent has committed an offense that requires registration as a predatory offender under section 243.166, subdivision 1b, paragraph (a) or (b); or

(7) the provision of services or further services for the purpose of reunification is futile and therefore unreasonable under the circumstances.

(b) When the court makes one of the prima facie determinations under paragraph (a), either permanency pleadings under section 260C.505, or a termination of parental rights petition under sections 260C.141 and 260C.301 must be filed. A permanency hearing under sections 260C.503 to 260C.521 must be held within 30 days of this determination.

(c) In the case of an Indian child, in proceedings under sections 260B.178, 260C.178, 260C.201, 260C.202, 260C.204, 260C.301, or 260C.503 to 260C.521, the juvenile court must make findings and conclusions consistent with the Indian Child Welfare Act of 1978, United States Code, title 25, section 1901 et seq., as to the provision of active efforts. In cases governed by the Indian Child Welfare Act of 1978, United States Code, title 25, section 1901, the responsible social services agency must provide active efforts as required under United States Code, title 25, section 1911(d).

(d) "Reasonable efforts to prevent placement" means:

(1) the agency has made reasonable efforts to prevent the placement of the child in foster care by working with the family to develop and implement a safety plan; or

(2) given the particular circumstances of the child and family at the time of the child's removal, there are no services or efforts available which could allow the child to safely remain in the home.

(e) "Reasonable efforts to finalize a permanent plan for the child" means due diligence by the responsible social services agency to:

(1) reunify the child with the parent or guardian from whom the child was removed;

(2) assess a noncustodial parent's ability to provide day-to-day care for the child and, where appropriate, provide services necessary to enable the noncustodial parent to safely provide the care, as required by section 260C.219;

(3) conduct a relative search to identify and provide notice to adult relatives as required under section 260C.221;

(4) place siblings removed from their home in the same home for foster care or adoption, or transfer permanent legal and physical custody to a relative. Visitation between siblings who are not in the same foster care, adoption, or custodial placement or facility shall be consistent with section 260C.212, subdivision 2; and

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(5) when the child cannot return to the parent or guardian from whom the child was removed, to plan for and finalize a safe and legally permanent alternative home for the child, and considers permanent alternative homes for the child inside or outside of the state, preferably through adoption or transfer of permanent legal and physical custody of the child.

(f) Reasonable efforts are made upon the exercise of due diligence by the responsible social services agency to use culturally appropriate and available services to meet the needs of the child and the child's family. Services may include those provided by the responsible social services agency and other culturally appropriate services available in the community. At each stage of the proceedings where the court is required to review the appropriateness of the responsible social services agency's reasonable efforts as described in paragraphs (a), (d), and (e), the social services agency has the burden of demonstrating that:

(1) it has made reasonable efforts to prevent placement of the child in foster care;

(2) it has made reasonable efforts to eliminate the need for removal of the child from the child's home and to reunify the child with the child's family at the earliest possible time;

(3) it has made reasonable efforts to finalize an alternative permanent home for the child, and considers permanent alternative homes for the child inside or outside of the state; or

(4) reasonable efforts to prevent placement and to reunify the child with the parent or guardian are not required. The agency may meet this burden by stating facts in a sworn petition filed under section 260C.141, by filing an affidavit summarizing the agency's reasonable efforts or facts the agency believes demonstrate there is no need for reasonable efforts to reunify the parent and child, or through testimony or a certified report required under juvenile court rules.

(g) Once the court determines that reasonable efforts for reunification are not required because the court has made one of the prima facie determinations under paragraph (a), the court may only require reasonable efforts for reunification after a hearing according to section 260C.163, where the court finds there is not clear and convincing evidence of the facts upon which the court based its prima facie determination. In this case when there is clear and convincing evidence that the child is in need of protection or services, the court may find the child in need of protection or services and order any of the dispositions available under section 260C.201, subdivision 1. Reunification of a child with a parent is not required if the parent has been convicted of:

(1) a violation of, or an attempt or conspiracy to commit a violation of, sections 609.185 to 609.20; 609.222, subdivision 2; or 609.223 in regard to another child of the parent;

(2) a violation of section 609.222, subdivision 2; or 609.223, in regard to the child;

(3) a violation of, or an attempt or conspiracy to commit a violation of, United States Code, title 18, section 1111(a) or 1112(a), in regard to another child of the parent;

(4) committing an offense that constitutes sexual abuse as defined in section 626.556, subdivision 2, against the child or another child of the parent; or

(5) an offense that requires registration as a predatory offender under section 243.166, subdivision 1b, paragraph (a) or (b).

Reunification is also not required when a parent receives a stay of adjudication pursuant to section 609.095, paragraph (b), for an offense that constitutes sexual abuse under clause (4).

(h) The juvenile court, in proceedings under sections 260B.178, 260C.178, 260C.201, 260C.202, 260C.204, 260C.301, or 260C.503 to 260C.521, shall make findings and conclusions as to the provision of reasonable efforts. When determining whether reasonable efforts have been made, the court shall consider whether services to the child and family were:

(1) relevant to the safety and protection of the child;

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(2) adequate to meet the needs of the child and family;

(3) culturally appropriate;

(4) available and accessible;

(5) consistent and timely; and

(6) realistic under the circumstances.

In the alternative, the court may determine that provision of services or further services for the purpose of rehabilitation is futile and therefore unreasonable under the circumstances or that reasonable efforts are not required as provided in paragraph (a).

(i) This section does not prevent out-of-home placement for treatment of a child with a mental disability when it is determined to be medically necessary as a result of the child's diagnostic assessment or individual treatment plan indicates that appropriate and necessary treatment cannot be effectively provided outside of a residential or inpatient treatment program and the level or intensity of supervision and treatment cannot be effectively and safely provided in the child's home or community and it is determined that a residential treatment setting is the least restrictive setting that is appropriate to the needs of the child.

(j) If continuation of reasonable efforts to prevent placement or reunify the child with the parent or guardian from whom the child was removed is determined by the court to be inconsistent with the permanent plan for the child or upon the court making one of the prima facie determinations under paragraph (a), reasonable efforts must be made to place the child in a timely manner in a safe and permanent home and to complete whatever steps are necessary to legally finalize the permanent placement of the child.

(k) Reasonable efforts to place a child for adoption or in another permanent placement may be made concurrently with reasonable efforts to prevent placement or to reunify the child with the parent or guardian from whom the child was removed. When the responsible social services agency decides to concurrently make reasonable efforts for both reunification and permanent placement away from the parent under paragraph (a), the agency shall disclose its decision and both plans for concurrent reasonable efforts to all parties and the court. When the agency discloses its decision to proceed on both plans for reunification and permanent placement away from the parent, the court's review of the agency's reasonable efforts shall include the agency's efforts under both plans.

Sec. 2. Minnesota Statutes 2016, section 609.095, is amended to read:

609.095 LIMITS OF SENTENCES.

(a) The legislature has the exclusive authority to define crimes and offenses and the range of the sentences or punishments for their violation. No other or different sentence or punishment shall be imposed for the commission of a crime than is authorized by this chapter or other applicable law.

(b) Except as provided in section 152.18 or 609.375, or upon agreement of the parties, a court may not refuse to adjudicate the guilt of a defendant who tenders a guilty plea in accordance with Minnesota Rules of Criminal Procedure, rule 15, or who has been found guilty by a court or jury following a trial. A decision by the court to issue a stay of adjudication under this paragraph for a charge of violating section 243.166, 609.342, 609.343, 609.344, 609.345, 609.3451, subdivision 3, or 609.3453, must be justified in writing and on the record.

(c) Paragraph (b) does not supersede Minnesota Rules of Criminal Procedure, rule 26.04.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

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Sec. 3. Minnesota Statutes 2016, section 609.341, subdivision 10, is amended to read:

Subd. 10. **Current or recent position of authority.** "Current or recent position of authority" includes but is not limited to any person who is a parent or acting in the place of a parent and charged with or assumes any of a parent's rights, duties or responsibilities to a child, or a person who is charged with or assumes any duty or responsibility for the health, welfare, or supervision of a child, either independently or through another, no matter how brief, at the time of or within 120 days immediately preceding the act. For the purposes of subdivision 11, "position of authority" includes a psychotherapist.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 4. Minnesota Statutes 2016, section 609.342, subdivision 1, is amended to read:

Subdivision 1. **Crime defined.** A person who engages in sexual penetration with another person, or in sexual contact with a person under 13 years of age as defined in section 609.341, subdivision 11, paragraph (c), is guilty of criminal sexual conduct in the first degree if any of the following circumstances exists:

(a) the complainant is under 13 years of age and the actor is more than 36 months older than the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(b) the complainant is at least 13 years of age but less than 16 years of age and the actor is more than 48 months older than the complainant and in a current or recent position of authority over the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(c) circumstances existing at the time of the act cause the complainant to have a reasonable fear of imminent great bodily harm to the complainant or another;

(d) the actor is armed with a dangerous weapon or any article used or fashioned in a manner to lead the complainant to reasonably believe it to be a dangerous weapon and uses or threatens to use the weapon or article to cause the complainant to submit;

(e) the actor causes personal injury to the complainant, and either of the following circumstances exist:

(i) the actor uses force or coercion to accomplish sexual penetration; or

(ii) the actor knows or has reason to know that the complainant is mentally impaired, mentally incapacitated, or physically helpless;

(f) the actor is aided or abetted by one or more accomplices within the meaning of section 609.05, and either of the following circumstances exists:

(i) an accomplice uses force or coercion to cause the complainant to submit; or

(ii) an accomplice is armed with a dangerous weapon or any article used or fashioned in a manner to lead the complainant reasonably to believe it to be a dangerous weapon and uses or threatens to use the weapon or article to cause the complainant to submit;

(g) the actor has a significant relationship to the complainant and the complainant was under 16 years of age at the time of the sexual penetration. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense; or

(h) the actor has a significant relationship to the complainant, the complainant was under 16 years of age at the time of the sexual penetration, and:

(i) the actor or an accomplice used force or coercion to accomplish the penetration;

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(ii) the complainant suffered personal injury; or

(iii) the sexual abuse involved multiple acts committed over an extended period of time.

Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 5. Minnesota Statutes 2016, section 609.343, subdivision 1, is amended to read:

Subdivision 1. **Crime defined.** A person who engages in sexual contact with another person is guilty of criminal sexual conduct in the second degree if any of the following circumstances exists:

(a) the complainant is under 13 years of age and the actor is more than 36 months older than the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense. In a prosecution under this clause, the state is not required to prove that the sexual contact was coerced;

(b) the complainant is at least 13 but less than 16 years of age and the actor is more than 48 months older than the complainant and in a current or recent position of authority over the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(c) circumstances existing at the time of the act cause the complainant to have a reasonable fear of imminent great bodily harm to the complainant or another;

(d) the actor is armed with a dangerous weapon or any article used or fashioned in a manner to lead the complainant to reasonably believe it to be a dangerous weapon and uses or threatens to use the dangerous weapon to cause the complainant to submit;

(e) the actor causes personal injury to the complainant, and either of the following circumstances exist:

(i) the actor uses force or coercion to accomplish the sexual contact; or

(ii) the actor knows or has reason to know that the complainant is mentally impaired, mentally incapacitated, or physically helpless;

(f) the actor is aided or abetted by one or more accomplices within the meaning of section 609.05, and either of the following circumstances exists:

(i) an accomplice uses force or coercion to cause the complainant to submit; or

(ii) an accomplice is armed with a dangerous weapon or any article used or fashioned in a manner to lead the complainant to reasonably believe it to be a dangerous weapon and uses or threatens to use the weapon or article to cause the complainant to submit;

(g) the actor has a significant relationship to the complainant and the complainant was under 16 years of age at the time of the sexual contact. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense; or

(h) the actor has a significant relationship to the complainant, the complainant was under 16 years of age at the time of the sexual contact, and:

(i) the actor or an accomplice used force or coercion to accomplish the contact;

(ii) the complainant suffered personal injury; or

(iii) the sexual abuse involved multiple acts committed over an extended period of time.

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Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 6. Minnesota Statutes 2016, section 609.344, subdivision 1, is amended to read:

Subdivision 1. **Crime defined.** A person who engages in sexual penetration with another person is guilty of criminal sexual conduct in the third degree if any of the following circumstances exists:

(a) the complainant is under 13 years of age and the actor is no more than 36 months older than the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant shall be a defense;

(b) the complainant is at least 13 but less than 16 years of age and the actor is more than 24 months older than the complainant. In any such case if the actor is no more than 120 months older than the complainant, it shall be an affirmative defense, which must be proved by a preponderance of the evidence, that the actor reasonably believes the complainant to be 16 years of age or older. In all other cases, mistake as to the complainant's age shall not be a defense. Consent by the complainant is not a defense;

(c) the actor uses force or coercion to accomplish the penetration;

(d) the actor knows or has reason to know that the complainant is mentally impaired, mentally incapacitated, or physically helpless;

(e) the complainant is at least 16 but less than 18 years of age and the actor is more than 48 months older than the complainant and in a current or recent position of authority over the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(f) the actor has a significant relationship to the complainant and the complainant was at least 16 but under 18 years of age at the time of the sexual penetration. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(g) the actor has a significant relationship to the complainant, the complainant was at least 16 but under 18 years of age at the time of the sexual penetration, and:

(i) the actor or an accomplice used force or coercion to accomplish the penetration;

(ii) the complainant suffered personal injury; or

(iii) the sexual abuse involved multiple acts committed over an extended period of time.

Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(h) the actor is a psychotherapist and the complainant is a patient of the psychotherapist and the sexual penetration occurred:

(i) during the psychotherapy session; or

(ii) outside the psychotherapy session if an ongoing psychotherapist-patient relationship exists.

Consent by the complainant is not a defense;

(i) the actor is a psychotherapist and the complainant is a former patient of the psychotherapist and the former patient is emotionally dependent upon the psychotherapist;

(j) the actor is a psychotherapist and the complainant is a patient or former patient and the sexual penetration occurred by means of therapeutic deception. Consent by the complainant is not a defense;

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(k) the actor accomplishes the sexual penetration by means of deception or false representation that the penetration is for a bona fide medical purpose. Consent by the complainant is not a defense;

(l) the actor is or purports to be a member of the clergy, the complainant is not married to the actor, and:

(i) the sexual penetration occurred during the course of a meeting in which the complainant sought or received religious or spiritual advice, aid, or comfort from the actor in private; or

(ii) the sexual penetration occurred during a period of time in which the complainant was meeting on an ongoing basis with the actor to seek or receive religious or spiritual advice, aid, or comfort in private. Consent by the complainant is not a defense;

(m) the actor is an employee, independent contractor, or volunteer of a state, county, city, or privately operated adult or juvenile correctional system, or secure treatment facility, or treatment facility providing services to clients civilly committed as mentally ill and dangerous, sexually dangerous persons, or sexual psychopathic personalities, including, but not limited to, jails, prisons, detention centers, or work release facilities, and the complainant is a resident of a facility or under supervision of the correctional system. Consent by the complainant is not a defense;

(n) the actor provides or is an agent of an entity that provides special transportation service, the complainant used the special transportation service, and the sexual penetration occurred during or immediately before or after the actor transported the complainant. Consent by the complainant is not a defense; ~~or~~

(o) the actor performs massage or other bodywork for hire, the complainant was a user of one of those services, and nonconsensual sexual penetration occurred during or immediately before or after the actor performed or was hired to perform one of those services for the complainant; or

(p) the actor is a peace officer, as defined in section 626.84, and the officer physically or constructively restrains the complainant or the complainant does not reasonably feel free to leave the officer's presence. Consent by the complainant is not a defense. This paragraph does not apply to any penetration of the mouth, genitals, or anus during a lawful search.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 7. Minnesota Statutes 2016, section 609.345, subdivision 1, is amended to read:

Subdivision 1. **Crime defined.** A person who engages in sexual contact with another person is guilty of criminal sexual conduct in the fourth degree if any of the following circumstances exists:

(a) the complainant is under 13 years of age and the actor is no more than 36 months older than the complainant. Neither mistake as to the complainant's age or consent to the act by the complainant is a defense. In a prosecution under this clause, the state is not required to prove that the sexual contact was coerced;

(b) the complainant is at least 13 but less than 16 years of age and the actor is more than 48 months older than the complainant or in a current or recent position of authority over the complainant. Consent by the complainant to the act is not a defense. In any such case, if the actor is no more than 120 months older than the complainant, it shall be an affirmative defense which must be proved by a preponderance of the evidence that the actor reasonably believes the complainant to be 16 years of age or older. In all other cases, mistake as to the complainant's age shall not be a defense;

(c) the actor uses force or coercion to accomplish the sexual contact;

(d) the actor knows or has reason to know that the complainant is mentally impaired, mentally incapacitated, or physically helpless;

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(e) the complainant is at least 16 but less than 18 years of age and the actor is more than 48 months older than the complainant and in a current or recent position of authority over the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(f) the actor has a significant relationship to the complainant and the complainant was at least 16 but under 18 years of age at the time of the sexual contact. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(g) the actor has a significant relationship to the complainant, the complainant was at least 16 but under 18 years of age at the time of the sexual contact, and:

(i) the actor or an accomplice used force or coercion to accomplish the contact;

(ii) the complainant suffered personal injury; or

(iii) the sexual abuse involved multiple acts committed over an extended period of time.

Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(h) the actor is a psychotherapist and the complainant is a patient of the psychotherapist and the sexual contact occurred:

(i) during the psychotherapy session; or

(ii) outside the psychotherapy session if an ongoing psychotherapist-patient relationship exists. Consent by the complainant is not a defense;

(i) the actor is a psychotherapist and the complainant is a former patient of the psychotherapist and the former patient is emotionally dependent upon the psychotherapist;

(j) the actor is a psychotherapist and the complainant is a patient or former patient and the sexual contact occurred by means of therapeutic deception. Consent by the complainant is not a defense;

(k) the actor accomplishes the sexual contact by means of deception or false representation that the contact is for a bona fide medical purpose. Consent by the complainant is not a defense;

(1) the actor is or purports to be a member of the clergy, the complainant is not married to the actor, and:

(i) the sexual contact occurred during the course of a meeting in which the complainant sought or received religious or spiritual advice, aid, or comfort from the actor in private; or

(ii) the sexual contact occurred during a period of time in which the complainant was meeting on an ongoing basis with the actor to seek or receive religious or spiritual advice, aid, or comfort in private. Consent by the complainant is not a defense;

(m) the actor is an employee, independent contractor, or volunteer of a state, county, city, or privately operated adult or juvenile correctional system, or secure treatment facility, or treatment facility providing services to clients civilly committed as mentally ill and dangerous, sexually dangerous persons, or sexual psychopathic personalities, including, but not limited to, jails, prisons, detention centers, or work release facilities, and the complainant is a resident of a facility or under supervision of the correctional system. Consent by the complainant is not a defense;

(n) the actor provides or is an agent of an entity that provides special transportation service, the complainant used the special transportation service, ~~the complainant is not married to the actor,~~ and the sexual contact occurred during or immediately before or after the actor transported the complainant. Consent by the complainant is not a defense; ~~or~~

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(o) the actor performs massage or other bodywork for hire, the complainant was a user of one of those services, and nonconsensual sexual contact occurred during or immediately before or after the actor performed or was hired to perform one of those services for the complainant; or

(p) the actor is a peace officer, as defined in section 626.84, and the officer physically or constructively restrains the complainant or the complainant does not reasonably feel free to leave the officer's presence. Consent by the complainant is not a defense.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 8. Minnesota Statutes 2016, section 609.3451, subdivision 1, is amended to read:

Subdivision 1. **Crime defined.** A person is guilty of criminal sexual conduct in the fifth degree:

(1) if the person engages in nonconsensual sexual contact; or

(2) the person engages in masturbation or lewd exhibition of the genitals in the presence of a minor under the age of 16, knowing or having reason to know the minor is present.

For purposes of this section, "sexual contact" has the meaning given in section 609.341, subdivision 11, paragraph (a), clauses (i), (iv), and (v)~~, but does not include the intentional touching of the clothing covering the immediate area of the buttocks~~. Sexual contact also includes the intentional removal or attempted removal of clothing covering the complainant's intimate parts or undergarments, and the nonconsensual touching by the complainant of the actor's intimate parts, effected by the actor, if the action is performed with sexual or aggressive intent.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 9. Minnesota Statutes 2016, section 609.746, subdivision 1, is amended to read:

Subdivision 1. **Surreptitious intrusion; observation device.** (a) A person is guilty of a gross misdemeanor who:

(1) enters upon another's property;

(2) surreptitiously gazes, stares, or peeps in the window or any other aperture of a house or place of dwelling of another; and

(3) does so with intent to intrude upon or interfere with the privacy of a member of the household.

(b) A person is guilty of a gross misdemeanor who:

(1) enters upon another's property;

(2) surreptitiously installs or uses any device for observing, photographing, recording, amplifying, or broadcasting sounds or events through the window or any other aperture of a house or place of dwelling of another; and

(3) does so with intent to intrude upon or interfere with the privacy of a member of the household.

(c) A person is guilty of a gross misdemeanor who:

(1) surreptitiously gazes, stares, or peeps in the window or other aperture of a sleeping room in a hotel, as defined in section 327.70, subdivision 3, a tanning booth, or other place where a reasonable person would

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have an expectation of privacy and has exposed or is likely to expose their intimate parts, as defined in section 609.341, subdivision 5, or the clothing covering the immediate area of the intimate parts; and

(2) does so with intent to intrude upon or interfere with the privacy of the occupant.

(d) A person is guilty of a gross misdemeanor who:

(1) surreptitiously installs or uses any device for observing, photographing, recording, amplifying, or broadcasting sounds or events through the window or other aperture of a sleeping room in a hotel, as defined in section 327.70, subdivision 3, a tanning booth, or other place where a reasonable person would have an expectation of privacy and has exposed or is likely to expose their intimate parts, as defined in section 609.341, subdivision 5, or the clothing covering the immediate area of the intimate parts; and

(2) does so with intent to intrude upon or interfere with the privacy of the occupant.

(e) A person is guilty of a felony and may be sentenced to imprisonment for not more than two years or to payment of a fine of not more than $5,000, or both, if the person:

(1) violates this subdivision after a previous conviction under this subdivision or section 609.749; or

(2) violates this subdivision against a minor under the age of 18, knowing or having reason to know that the minor is present.

(f) A person is guilty of a felony and may be sentenced to imprisonment for not more than four years or to payment of a fine of not more than $5,000, or both, if: (1) the person violates paragraph (b) or (d) against a minor victim under the age of 18; (2) the person is more than 36 months older than the minor victim; (3) the person knows or has reason to know that the minor victim is present; and (4) the violation is committed with sexual intent.

(g) Paragraphs (b) and (d) do not apply to law enforcement officers or corrections investigators, or to those acting under their direction, while engaged in the performance of their lawful duties. Paragraphs (c) and (d) do not apply to conduct in: (1) a medical facility; or (2) a commercial establishment if the owner of the establishment has posted conspicuous signs warning that the premises are under surveillance by the owner or the owner's employees.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 10. Minnesota Statutes 2016, section 617.246, subdivision 2, is amended to read:

Subd. 2. **Use of minor.** (a) It is unlawful for a person to promote, employ, use or permit a minor to engage in or assist others to engage minors in posing or modeling alone or with others in any sexual performance or pornographic work if the person knows or has reason to know that the conduct intended is a sexual performance or a pornographic work.

Any person who violates this ~~subdivision~~ paragraph is guilty of a felony and may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than $20,000 ~~for the first offense and $40,000 for a second or subsequent offense~~, or both.

(b) A person who violates paragraph (a) is guilty of a felony and may be sentenced to imprisonment for not more than 15 years or to payment of a fine of not more than $40,000, or both, if:

(1) the person has a prior conviction or delinquency adjudication for violating this section or section 617.247;

(2) the violation occurs when the person is a registered predatory offender under section 243.166; or

(3) the violation involved a minor under the age of 13 years.

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EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 11. Minnesota Statutes 2016, section 617.246, subdivision 3, is amended to read:

Subd. 3. **Operation or ownership of business.** (a) A person who owns or operates a business in which a pornographic work, as defined in this section, is disseminated to an adult or a minor or is reproduced, and who knows the content and character of the pornographic work disseminated or reproduced, is guilty of a felony and may be sentenced to imprisonment for not more than ten years, or to payment of a fine of not more than $20,000 ~~for the first offense and $40,000 for a second or subsequent offense~~, or both.

(b) A person who violates paragraph (a) is guilty of a felony and may be sentenced to imprisonment for not more than 15 years or to payment of a fine of not more than $40,000, or both, if:

(1) the person has a prior conviction or delinquency adjudication for violating this section or section 617.247;

(2) the violation occurs when the person is a registered predatory offender under section 243.166; or

(3) the violation involved a minor under the age of 13 years.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 12. Minnesota Statutes 2016, section 617.246, subdivision 4, is amended to read:

Subd. 4. **Dissemination.** (a) A person who, knowing or with reason to know its content and character, disseminates for profit to an adult or a minor a pornographic work, as defined in this section, is guilty of a felony and may be sentenced to imprisonment for not more than ten years, or to payment of a fine of not more than $20,000 ~~for the first offense and $40,000 for a second or subsequent offense~~, or both.

(b) A person who violates paragraph (a) is guilty of a felony and may be sentenced to imprisonment for not more than 15 years or to payment of a fine of not more than $40,000, or both, if:

(1) the person has a prior conviction or delinquency adjudication for violating this section or section 617.247;

(2) the violation occurs when the person is a registered predatory offender under section 243.166; or

(3) the violation involved a minor under the age of 13 years.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 13. Minnesota Statutes 2016, section 617.246, subdivision 7, is amended to read:

Subd. 7. **Conditional release term.** Notwithstanding the statutory maximum sentence otherwise applicable to the offense or any provision of the sentencing guidelines, when a court commits a person to the custody of the commissioner of corrections for violating this section, the court shall provide that after the person has been released from prison, the commissioner shall place the person on conditional release for five years. If the person has previously been convicted of a violation of this section, section 609.342, 609.343, 609.344, 609.345, 609.3451, 609.3453, or 617.247, or any similar statute of the United States, this state, or any state, the commissioner shall place the person on conditional release for ~~ten~~ 15 years. The terms of conditional release are governed by section 609.3455, subdivision 8.

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EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 14. Minnesota Statutes 2016, section 617.247, subdivision 3, is amended to read:

Subd. 3. **Dissemination prohibited.** (a) A person who disseminates pornographic work to an adult or a minor, knowing or with reason to know its content and character, is guilty of a felony and may be sentenced to imprisonment for not more than seven years ~~and~~ or to payment of a fine of not more than $10,000 ~~for a first offense and for not more than 15 years and a fine of not more than $20,000 for a second or subsequent offense~~, or both.

(b) A person who violates paragraph (a) is guilty of a felony and may be sentenced to imprisonment for not more than 15 years or to payment of a fine of not more than $20,000, or both, if:

(1) the person has a prior conviction or delinquency adjudication for violating this section or section 617.246;

(2) the violation occurs when the person is a registered predatory offender under section 243.166; or

(3) the violation involved a minor under the age of 13 years.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 15. Minnesota Statutes 2016, section 617.247, subdivision 4, is amended to read:

Subd. 4. **Possession prohibited.** (a) A person who possesses a pornographic work or a computer disk or computer or other electronic, magnetic, or optical storage system or a storage system of any other type, containing a pornographic work, knowing or with reason to know its content and character, is guilty of a felony and may be sentenced to imprisonment for not more than five years ~~and~~ or to payment of a fine of not more than $5,000 ~~for a first offense and for not more than ten years and a fine of not more than $10,000 for a second or subsequent offense~~, or both.

(b) A person who violates paragraph (a) is guilty of a felony and may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than $10,000, or both, if:

(1) the person has a prior conviction or delinquency adjudication for violating this section or section 617.246;

(2) the violation occurs when the person is a registered predatory offender under section 243.166; or

(3) the violation involved a minor under the age of 13 years.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 16. Minnesota Statutes 2016, section 617.247, subdivision 9, is amended to read:

Subd. 9. **Conditional release term.** Notwithstanding the statutory maximum sentence otherwise applicable to the offense or any provision of the sentencing guidelines, when a court commits a person to the custody of the commissioner of corrections for violating this section, the court shall provide that after the person has been released from prison, the commissioner shall place the person on conditional release for five years. If the person has previously been convicted of a violation of this section, section 609.342, 609.343, 609.344, 609.345, 609.3451, 609.3453, or 617.246, or any similar statute of the United States, this state, or any state,

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the commissioner shall place the person on conditional release for ~~ten~~ 15 years. The terms of conditional release are governed by section 609.3455, subdivision 8.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 17. **SENTENCING GUIDELINES MODIFICATION.**

The Sentencing Guidelines Commission shall comprehensively review and consider modifying how the Sentencing Guidelines and the sex offender grid address the crimes described in Minnesota Statutes, sections 617.246 and 617.247, as compared to similar crimes, including other sex offenses and other offenses with similar maximum penalties.

Sec. 18. **REPEALER.**

Minnesota Statutes 2016, section 609.349, is repealed.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

ARTICLE 32

PREDATORY OFFENDERS

Section 1. Minnesota Statutes 2016, section 171.07, subdivision 1a, is amended to read:

Subd. 1a. **Filing photograph or image; data classification.** The department shall file, or contract to file, all photographs or electronically produced images obtained in the process of issuing drivers' licenses or Minnesota identification cards. The photographs or electronically produced images shall be private data pursuant to section 13.02, subdivision 12. Notwithstanding section 13.04, subdivision 3, the department shall not be required to provide copies of photographs or electronically produced images to data subjects. The use of the files is restricted:

(1) to the issuance and control of drivers' licenses;

(2) to criminal justice agencies, as defined in section 299C.46, subdivision 2, for the investigation and prosecution of crimes, service of process, enforcement of no contact orders, location of missing persons, investigation and preparation of cases for criminal, juvenile, and traffic court, location of individuals required to register under section 243.166 or 243.167, and supervision of offenders;

(3) to public defenders, as defined in section 611.272, for the investigation and preparation of cases for criminal, juvenile, and traffic courts;

(4) to child support enforcement purposes under section 256.978; and

(5) to a county medical examiner or coroner as required by section 390.005 as necessary to fulfill the duties under sections 390.11 and 390.25.

Sec. 2. Minnesota Statutes 2016, section 243.166, subdivision 1b, is amended to read:

Subd. 1b. **Registration required.** (a) A person shall register under this section if:

(1) the person was charged with or petitioned for a felony violation of or attempt to violate, or aiding, abetting, or conspiracy to commit, any of the following, and convicted of or adjudicated delinquent for that offense or another offense arising out of the same set of circumstances:

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(i) murder under section 609.185, paragraph (a), clause (2);

(ii) kidnapping under section 609.25;

(iii) criminal sexual conduct under section 609.342; 609.343; 609.344; 609.345; 609.3451, subdivision 3; or 609.3453; ~~or~~

(iv) indecent exposure under section 617.23, subdivision 3; or

(v) surreptitious intrusion under the circumstances described in section 609.746, subdivision 1, paragraph (f);

(2) the person was charged with or petitioned for a violation of, or attempt to violate, or aiding, abetting, or conspiring to commit criminal abuse in violation of section 609.2325, subdivision 1, paragraph (b); false imprisonment in violation of section 609.255, subdivision 2; solicitation, inducement, or promotion of the prostitution of a minor or engaging in the sex trafficking of a minor in violation of section 609.322; a prostitution offense in violation of section 609.324, subdivision 1, paragraph (a); soliciting a minor to engage in sexual conduct in violation of section 609.352, subdivision 2 or 2a, clause (1); using a minor in a sexual performance in violation of section 617.246; or possessing pornographic work involving a minor in violation of section 617.247, and convicted of or adjudicated delinquent for that offense or another offense arising out of the same set of circumstances;

(3) the person was sentenced as a patterned sex offender under section 609.3455, subdivision 3a; or

(4) the person was charged with or petitioned for, including pursuant to a court martial, violating a law of the United States, including the Uniform Code of Military Justice, similar to the offenses described in clause (1), (2), or (3), and convicted of or adjudicated delinquent for that offense or another offense arising out of the same set of circumstances.

(b) A person also shall register under this section if:

(1) the person was charged with or petitioned for an offense in another state that would be a violation of a law described in paragraph (a) if committed in this state and convicted of or adjudicated delinquent for that offense or another offense arising out of the same set of circumstances;

(2) the person enters this state to reside, work, or attend school, or enters this state and remains for 14 days or longer; and

(3) ten years have not elapsed since the person was released from confinement or, if the person was not confined, since the person was convicted of or adjudicated delinquent for the offense that triggers registration, unless the person is subject to a longer registration period under the laws of another state in which the person has been convicted or adjudicated, or is subject to lifetime registration.

If a person described in this paragraph is subject to a longer registration period in another state or is subject to lifetime registration, the person shall register for that time period regardless of when the person was released from confinement, convicted, or adjudicated delinquent.

(c) A person also shall register under this section if the person was committed pursuant to a court commitment order under Minnesota Statutes 2012, section 253B.185, chapter 253D, Minnesota Statutes 1992, section 526.10, or a similar law of another state or the United States, regardless of whether the person was convicted of any offense.

(d) A person also shall register under this section if:

(1) the person was charged with or petitioned for a felony violation or attempt to violate any of the offenses listed in paragraph (a), clause (1), or a similar law of another state or the United States, or the person was charged with or petitioned for a violation of any of the offenses listed in paragraph (a), clause (2), or a similar law of another state or the United States;

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(2) the person was found not guilty by reason of mental illness or mental deficiency after a trial for that offense, or found guilty but mentally ill after a trial for that offense, in states with a guilty but mentally ill verdict; and

(3) the person was committed pursuant to a court commitment order under section 253B.18 or a similar law of another state or the United States.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 3. Minnesota Statutes 2016, section 243.166, subdivision 2, is amended to read:

Subd. 2. **Notice.** When a person who is required to register under subdivision 1b, paragraph (a), is sentenced or becomes subject to a juvenile court disposition order, the court shall tell the person of the duty to register under this section and that, if the person fails to comply with the registration requirements, information about the offender may be made available to the public through electronic, computerized, or other accessible means. The court may not modify the person's duty to register in the pronounced sentence or disposition order. The court shall require the person to read and sign a form stating that the duty of the person to register under this section has been explained. The court shall forward the signed ~~sex offender registration~~ court notification form, the complaint, and sentencing documents to the bureau. If a person required to register under subdivision 1b, paragraph (a), was not notified by the court of the registration requirement at the time of sentencing or disposition, the assigned corrections agent shall notify the person of the requirements of this section. If a person does not have a corrections agent, the local law enforcement authority with jurisdiction over the person's primary address shall notify the person of the requirements. When a person who is required to register under subdivision 1b, paragraph (c) or (d), is released from commitment, the treatment facility shall notify the person of the requirements of this section. The treatment facility shall also obtain the registration information required under this section and forward it to the bureau.

Sec. 4. Minnesota Statutes 2016, section 243.166, subdivision 4, is amended to read:

Subd. 4. **Contents of registration.** (a) The registration provided to the corrections agent or law enforcement authority, must consist of a statement in writing signed by the person, giving information required by the bureau, fingerprints, biological specimen for DNA analysis as defined under section 299C.155, subdivision 1, and photograph of the person taken at the time of the person's release from incarceration or, if the person was not incarcerated, at the time the person initially registered under this section. The registration information also must include a written consent form signed by the person allowing a treatment facility or residential housing unit or shelter to release information to a law enforcement officer about the person's admission to, or residence in, a treatment facility or residential housing unit or shelter. Registration information on adults and juveniles may be maintained together notwithstanding section 260B.171, subdivision 3.

(b) For persons required to register under subdivision 1b, paragraph (c), following commitment pursuant to a court commitment under Minnesota Statutes 2012, section 253B.185, chapter 253D, Minnesota Statutes 1992, section 526.10, or a similar law of another state or the United States, in addition to other information required by this section, the registration provided to the corrections agent or law enforcement authority must include the person's offense history and documentation of treatment received during the person's commitment. This documentation is limited to a statement of how far the person progressed in treatment during commitment.

(c) Within three days of receipt, the corrections agent or law enforcement authority shall forward the registration information to the bureau. The bureau shall ascertain whether the person has registered with the law enforcement authority in the area of the person's primary address, if any, or if the person lacks a primary address, where the person is staying, as required by subdivision 3a. If the person has not registered with the law enforcement authority, the bureau shall ~~send one copy to~~ notify that authority.

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(d) The corrections agent or law enforcement authority may require that a person required to register under this section appear before the agent or authority to be photographed. The agent or authority shall forward the photograph to the bureau.

(1) Except as provided in clause (2), the agent or authority may photograph any offender at a time and frequency chosen by the agent or authority.

(2) The requirements of this paragraph shall not apply during any period where the person to be photographed is: (i) committed to the commissioner of corrections and incarcerated, (ii) incarcerated in a regional jail or county jail, or (iii) committed to the commissioner of human services and receiving treatment in a secure treatment facility.

(e) During the period a person is required to register under this section, the following provisions apply:

(1) Except for persons registering under subdivision 3a, the bureau shall mail a verification form to the person's last reported primary address. This verification form must provide notice to the offender that, if the offender does not return the verification form as required, information about the offender may be made available to the public through electronic, computerized, or other accessible means. For persons who are registered under subdivision 3a, the bureau shall mail an annual verification form to the law enforcement authority where the offender most recently reported. The authority shall provide the verification form to the person at the next weekly meeting and ensure that the person completes and signs the form and returns it to the bureau. Notice is sufficient under this paragraph, if the verification form is sent by first class mail to the person's last reported primary address, or for persons registered under subdivision 3a, to the law enforcement authority where the offender most recently reported.

(2) The person shall mail the signed verification form back to the bureau within ten days after receipt of the form, stating on the form the current and last address of the person's residence and the other information required under subdivision 4a.

(3) In addition to the requirements listed in this section, an offender who is no longer under correctional supervision for a registration offense, or a failure to register offense, but who resides, works, or attends school in Minnesota, shall have an in-person contact with a law enforcement authority as provided in this section. If the person resides in Minnesota, the in-person contact shall be with the law enforcement authority that has jurisdiction over the person's primary address or, if the person has no address, the location where the person is staying. If the person does not reside in Minnesota but works or attends school in this state, the person shall have an in-person contact with the law enforcement authority or authorities with jurisdiction over the person's school or workplace. During the month of the person's birth date, the person shall report to the authority to verify the accuracy of the registration information and to be photographed. Within three days of this contact, the authority shall enter information as required by the bureau into the predatory offender registration database and submit an updated photograph of the person to the bureau's predatory offender registration unit.

(4) If the person fails to mail the completed and signed verification form to the bureau within ten days after receipt of the form, or if the person fails to report to the law enforcement authority during the month of the person's birth date, the person is in violation of this section.

(5) For any person who fails to mail the completed and signed verification form to the bureau within ten days after receipt of the form and who has been determined to be a risk level III offender under section 244.052, the bureau shall immediately investigate and notify local law enforcement authorities to investigate the person's location and to ensure compliance with this section. The bureau also shall immediately give notice of the person's violation of this section to the law enforcement authority having jurisdiction over the person's last registered primary address ~~or addresses~~.

(6) A law enforcement authority may determine whether the person is at that person's primary address, secondary address, or school or work location, if any, or the accuracy of any other information required

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under subdivision 4a if the person whose primary address, secondary address, or school or work location, if any, is within the authority's jurisdiction, regardless of the assignment of a corrections agent.

For persons required to register under subdivision 1b, paragraph (c), following commitment pursuant to a court commitment under Minnesota Statutes 2012, section 253B.185, chapter 253D, Minnesota Statutes 1992, section 526.10, or a similar law of another state or the United States, the bureau shall comply with clause (1) at least four times each year. For persons who, under section 244.052, are assigned to risk level III and who are no longer under correctional supervision for a registration offense or a failure to register offense, the bureau shall comply with clause (1) at least two times each year. For all other persons required to register under this section, the bureau shall comply with clause (1) each year within 30 days of the anniversary date of the person's initial registration.

(f) When sending out a verification form, the bureau shall determine whether the person to whom the verification form is being sent has signed a written consent form as provided for in paragraph (a). If the person has not signed such a consent form, the bureau shall send a written consent form to the person along with the verification form. A person who receives this written consent form shall sign and return it to the bureau at the same time as the verification form.

(g) For persons registered under this section on the effective date of this section, each person, on or before one year from that date, must provide a biological specimen for the purpose of DNA analysis to the probation agency or law enforcement agency where that person is registered. A person who provides or has provided a biological specimen for the purpose of DNA analysis under chapter 299C or section 609.117 meets the requirements of this paragraph.

Sec. 5. Minnesota Statutes 2016, section 243.166, subdivision 4c, is amended to read:

Subd. 4c. **Notices in writing; signed.** All notices required by this section must be in writing and signed by the person required to register. For purposes of this section, a signature may be in ink on paper, by an electronic method established by the bureau, or by use of a biometric for the person. If a biometric is used, the person must provide a sample that is forwarded to the bureau so that it can be maintained for comparison purposes to verify the person's identity.

Sec. 6. Minnesota Statutes 2016, section 243.166, subdivision 5, is amended to read:

Subd. 5. **Criminal penalty.** (a) A person required to register under this section who was given notice, knows, or reasonably should know of the duty to register and who:

(1) knowingly commits an act or fails to fulfill a requirement that violates any ~~of its provisions~~ provision of this section; or

(2) intentionally provides false information to a corrections agent, law enforcement authority, or the bureau is guilty of a felony and may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than $10,000, or both.

(b) Except as provided in paragraph (c), a person convicted of violating paragraph (a) shall be committed to the custody of the commissioner of corrections for not less than a year and a day, nor more than five years.

(c) A person convicted of violating paragraph (a), who has previously been convicted of or adjudicated delinquent for violating this section or a similar statute of another state or the United States, shall be committed to the custody of the commissioner of corrections for not less than two years, nor more than five years.

(d) Prior to the time of sentencing, the prosecutor may file a motion to have the person sentenced without regard to the mandatory minimum sentence established by this subdivision. The motion must be accompanied by a statement on the record of the reasons for it. When presented with the motion, or on its own motion, the court may sentence the person without regard to the mandatory minimum sentence if the court finds

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substantial and compelling reasons to do so. Sentencing a person in the manner described in this paragraph is a departure from the Sentencing Guidelines.

(e) A person convicted and sentenced as required by this subdivision is not eligible for probation, parole, discharge, work release, conditional release, or supervised release, until that person has served the full term of imprisonment as provided by law, notwithstanding the provisions of sections 241.26, 242.19, 243.05, 244.04, 609.12, and 609.135.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 7. Minnesota Statutes 2016, section 243.166, subdivision 6, is amended to read:

Subd. 6. **Registration period.** (a) Notwithstanding the provisions of section 609.165, subdivision 1, and except as provided in paragraphs (b), (c), and (d), a person required to register under this section shall continue to comply with this section until ten years have elapsed since the person initially registered in connection with the offense, or until the probation, supervised release, or conditional release period expires, whichever occurs later. For a person required to register under this section who is committed under section 253B.18, Minnesota Statutes 2012, section 253B.185, or chapter 253D, the ten-year registration period does not include the period of commitment.

(b) If a person required to register under this section fails to provide the person's primary address as required by subdivision 3, paragraph (b), fails to comply with the requirements of subdivision 3a, fails to provide information as required by subdivision 4a, or fails to return the verification form referenced in subdivision 4 within ten days, the commissioner of public safety shall require the person to continue to register for an additional period of five years. This five-year period is added to the end of the offender's registration period. In addition, if the person is not in compliance at the end of the registration period, the commissioner shall require the person to continue to register for an additional period of two years.

(c) If a person required to register under this section is incarcerated due to a conviction for a new offense or following a revocation of probation, supervised release, or conditional release for any offense, the person shall continue to register until ten years have elapsed since the person was last released from incarceration or until the person's probation, supervised release, or conditional release period expires, whichever occurs later.

(d) A person shall continue to comply with this section for the life of that person:

(1) if the person is convicted of or adjudicated delinquent for any offense for which registration is required under subdivision 1b, or any offense from another state or any federal offense similar to the offenses described in subdivision 1b, and the person has a prior conviction or adjudication for an offense for which registration was or would have been required under subdivision 1b, or an offense from another state or a federal offense similar to an offense described in subdivision 1b;

(2) if the person is required to register based upon a conviction or delinquency adjudication for an offense under section 609.185, paragraph (a), clause (2), or a similar statute from another state or the United States;

(3) if the person is required to register based upon a conviction for an offense under section 609.342, subdivision 1, paragraph (a), (c), (d), (e), (f), or (h); 609.343, subdivision 1, paragraph (a), (c), (d), (e), (f), or (h); 609.344, subdivision 1, paragraph (a), (c), or (g); or 609.345, subdivision 1, paragraph (a), (c), or (g); or a statute from another state or the United States similar to the offenses described in this clause; or

(4) if the person is required to register under subdivision 1b, paragraph (c), following commitment pursuant to a court commitment under Minnesota Statutes 2012, section 253B.185, chapter 253D, Minnesota Statutes 1992, section 526.10, or a similar law of another state or the United States.

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(e) A person described in subdivision 1b, paragraph (b), who is required to register under the laws of a state in which the person has been previously convicted or adjudicated delinquent, shall register under this section for the time period required by the state of conviction or adjudication unless a longer time period is required elsewhere in this section.

Sec. 8. Minnesota Statutes 2016, section 243.166, subdivision 7, is amended to read:

Subd. 7. **Use of data.** (a) Except as otherwise provided in subdivision 7a or sections 244.052 and 299C.093, the data provided under this section is private data on individuals under section 13.02, subdivision 12.

(b) The data may be used only by law enforcement and corrections agencies for law enforcement and corrections purposes. Law enforcement or a corrections agent may disclose the status of an individual as a predatory offender to a child protection worker with a local welfare agency for purposes of doing a family assessment under section 626.556. A corrections agent may also disclose the status of an individual as a predatory offender to comply with section 244.057.

(c) The commissioner of human services is authorized to have access to the data for:

(1) state-operated services, as defined in section 246.014, for the purposes described in section 246.13, subdivision 2, paragraph (b); and

(2) purposes of completing background studies under chapter 245C.

Sec. 9. Minnesota Statutes 2016, section 243.166, subdivision 7a, is amended to read:

Subd. 7a. **Availability of information on offenders who are out of compliance with registration law.** (a) The bureau may make information available to the public about offenders who are 16 years of age or older and who are out of compliance with this section for 30 days or longer for failure to provide the offenders' primary or secondary addresses or who have absconded. This information may be made available to the public through electronic, computerized, or other accessible means. The amount and type of information made available is limited to the information necessary for the public to assist law enforcement in locating the offender.

(b) An offender who comes into compliance with this section after the bureau discloses information about the offender to the public may send a written request to the bureau requesting the bureau to treat information about the offender as private data, consistent with subdivision 7. The bureau shall review the request and promptly take reasonable action to treat the data as private, if the offender has complied with the requirement that the offender provide the offender's primary and secondary addresses, or promptly notify the offender that the information will continue to be treated as public information and the reasons for the bureau's decision.

(c) If an offender believes the information made public about the offender is inaccurate or incomplete, the offender may challenge the data under section 13.04, subdivision 4.

(d) The bureau is immune from any civil or criminal liability that might otherwise arise, based on the accuracy or completeness of any information made public under this subdivision, if the bureau acts in good faith.

Sec. 10. Minnesota Statutes 2016, section 299C.093, is amended to read:

299C.093 DATABASE OF REGISTERED PREDATORY OFFENDERS.

The superintendent of the Bureau of Criminal Apprehension shall maintain a computerized data system relating to individuals required to register as predatory offenders under section 243.166. To the degree

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feasible, the system must include the data required to be provided under section 243.166, subdivisions 4 and 4a, and indicate the time period that the person is required to register. The superintendent shall maintain this data in a manner that ensures that it is readily available to law enforcement agencies. This data is private data on individuals under section 13.02, subdivision 12, but may be used for law enforcement and corrections purposes. Law enforcement or a corrections agent may disclose the status of an individual as a predatory offender to a child protection worker with a local welfare agency for purposes of doing a family assessment under section 626.556. A corrections agent may also disclose the status of an individual as a predatory offender to comply with section 244.057. The commissioner of human services has access to the data for state-operated services, as defined in section 246.014, for the purposes described in section 246.13, subdivision 2, paragraph (b), and for purposes of conducting background studies under chapter 245C.

ARTICLE 33

DWI

Section 1. Minnesota Statutes 2016, section 169A.24, subdivision 1, is amended to read:

Subdivision 1. **Degree described.** A person who violates section 169A.20 (driving while impaired) is guilty of first-degree driving while impaired if the person:

(1) commits the violation within ten years of the first of three or more qualified prior impaired driving incidents;

(2) has previously been convicted of a felony under this section; or

(3) has previously been convicted of a felony under:

(i) Minnesota Statutes 2012, section 609.21 (criminal vehicular homicide and injury, substance-related offenses), subdivision 1, clauses (2) to (6);

(ii) Minnesota Statutes 2006, section 609.21 (criminal vehicular homicide and injury, substance-related offenses), subdivision 1, clauses (2) to (6); subdivision 2, clauses (2) to (6); subdivision 2a, clauses (2) to (6); subdivision 3, clauses (2) to (6); or subdivision 4, clauses (2) to (6); ~~or~~

(iii) section 609.2112, subdivision 1, clauses (2) to (6); 609.2113, subdivision 1, clauses (2) to (6), subdivision 2, clauses (2) to (6), or subdivision 3, clauses (2) to (6); or 609.2114, subdivision 1, clauses (2) to (6), or subdivision 2, clauses (2) to (6)~~.~~; or

(iv) a statute from this state or another state in conformity with any provision listed in item (i), (ii), or (iii).

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 2. Minnesota Statutes 2016, section 169A.55, subdivision 4, is amended to read:

Subd. 4. **Reinstatement of driving privileges; multiple incidents.** (a) A person whose driver's license has been revoked as a result of an offense listed under clause (1) or (2) shall not be eligible for reinstatement of driving privileges without an ignition interlock restriction until the commissioner certifies that the person has neither owned nor leased a vehicle, the person has not transferred ownership of a vehicle to a family or household member, no family or household member owns or leases a vehicle which the person has express or implied consent to drive, and the person has not committed a violation of chapter 169A or 171 during the revocation period; or the person has used the ignition interlock device and complied with section 171.306 for a period of not less than:

(1) one year, for a person whose driver's license was revoked for:

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(i) an offense occurring within ten years of a qualified prior impaired driving incident; or

(ii) an offense occurring after two qualified prior impaired driving incidents; or

(2) two years, for a person whose driver's license was revoked for:

(i) an offense occurring under clause (1), and where the test results indicated an alcohol concentration of twice the legal limit or more; or

(ii) an offense occurring under clause (1), and where the current offense is for a violation of section 169A.20, subdivision 2 (test refusal).

As used in this paragraph, "family or household member" has the meaning given in section 169A.63, subdivision 1, paragraph (f).

(b) A person whose driver's license has been canceled or denied as a result of three or more qualified impaired driving incidents shall not be eligible for reinstatement of driving privileges without an ignition interlock restriction until the person:

(1) has completed rehabilitation according to rules adopted by the commissioner or been granted a variance from the rules by the commissioner; and

(2) has submitted verification of abstinence from alcohol and controlled substances under paragraph (c), as evidenced by the person's use of an ignition interlock device or other chemical monitoring device approved by the commissioner.

~~(b)~~ (c) The verification of abstinence must show that the person has abstained from the use of alcohol and controlled substances for a period of not less than:

(1) three years, for a person whose driver's license was canceled or denied for an offense occurring within ten years of the first of two qualified prior impaired driving incidents, or occurring after three qualified prior impaired driving incidents;

(2) four years, for a person whose driver's license was canceled or denied for an offense occurring within ten years of the first of three qualified prior impaired driving incidents; or

(3) six years, for a person whose driver's license was canceled or denied for an offense occurring after four or more qualified prior impaired driving incidents.

~~(c) The commissioner shall establish performance standards and a process for certifying chemical monitoring devices. The standards and procedures are not rules and are exempt from chapter 14, including section 14.386.~~

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 3. Minnesota Statutes 2017 Supplement, section 171.30, subdivision 1, is amended to read:

Subdivision 1. **Conditions of issuance.** (a) The commissioner may issue a limited license to the driver under the conditions in paragraph (b) in any case where a person's license has been:

(1) suspended under section 171.18, 171.173, 171.186, or 171.187;

(2) revoked, canceled, or denied under section:

(i) 169.792;

(ii) 169.797;

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(iii) 169A.52:

(A) subdivision 3, paragraph (a), clause (1) or (2);

(B) subdivision 3, paragraph (a), clause (3), for a violation of section 169A.20, subdivision 1, clause (2), (3), (4), or (7);

(C) subdivision 3, paragraph (a), clause (4), (5), or (6), for a violation of section 169A.20, subdivision 1, clause (1), (5), or (6), and if in compliance with section 171.306;

(D) subdivision 3, paragraph (a), clause (4), (5), or (6), for a violation of section 169A.20, subdivision 1, clause (2), (3), (4), or (7);

~~(C)~~ (E) subdivision 4, paragraph (a), clause (1) or (2), if the test results indicate an alcohol concentration of less than twice the legal limit;

(F) subdivision 4, paragraph (a), clause (3), for a violation of section 169A.20, subdivision 1, clause (2), (3), (4), or (7);

~~(D)~~ (G) subdivision 4, paragraph (a), clause (4), (5), or (6), for a violation of section 169A.20, subdivision 1, clause (1), (5), or (6), and if in compliance with section 171.306;

(H) subdivision 4, paragraph (a), clause (4), (5), or (6), for a violation of section 169A.20, subdivision 1, clause (2), (3), (4), or (7); or

(iv) 171.17; or

(v) 171.172;

(3) revoked, canceled, or denied under section 169A.54:

(i) subdivision 1, clause (1), if the test results indicate an alcohol concentration of less than twice the legal limit;

(ii) subdivision 1, clause (2);

(iii) subdivision 1, clause (3) or (4), for a violation of section 169A.20, subdivision 1, clause (2), (3), (4), or (7);

(iv) subdivision 1, clause (5), (6), or (7), for a violation of section 169A.20, subdivision 1, clause (1), (5), or (6), and if in compliance with section 171.306; ~~or~~

(v) subdivision 1, clause (5), (6), or (7), for a violation of section 169A.20, subdivision 1, clause (2), (3), (4), or (7); or

~~(iv)~~ (vi) subdivision 2, if the person does not have a qualified prior impaired driving incident as defined in section 169A.03, subdivision 22, on the person's record, and the test results indicate an alcohol concentration of less than twice the legal limit; or

(4) revoked, canceled, or denied under section 171.177:

(i) subdivision 4, paragraph (a), clause (1) or (2);

(ii) subdivision 4, paragraph (a), clause (3), for a violation of section 169A.20, subdivision 1, clause (2), (3), (4), or (7);

(iii) subdivision 4, paragraph (a), clause (4), (5), or (6), for a violation of section 169A.20, subdivision 1, clause (1), (5), or (6), and if in compliance with section 171.306;

(iv) subdivision 4, paragraph (a), clause (4), (5), or (6), for a violation of section 169A.20, subdivision 1, clause (2), (3), (4), or (7);

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~~(iii)~~ (v) subdivision 5, paragraph (a), clause (1) or (2), if the test results indicate an alcohol concentration of less than twice the legal limit; ~~or~~

(vi) subdivision 5, paragraph (a), clause (3), for a violation of section 169A.20, subdivision 1, clause (2), (3), (4), or (7);

~~(iv)~~ (vii) subdivision 5, paragraph (a), clause (4), (5), or (6), for a violation of section 169A.20, subdivision 1, clause (1), (5), or (6), and if in compliance with section 171.306; or

(viii) subdivision 5, paragraph (a), clause (4), (5), or (6), for a violation of section 169A.20, subdivision 1, clause (2), (3), (4), or (7).

(b) The following conditions for a limited license under paragraph (a) include:

(1) if the driver's livelihood or attendance at a chemical dependency treatment or counseling program depends upon the use of the driver's license;

(2) if the use of a driver's license by a homemaker is necessary to prevent the substantial disruption of the education, medical, or nutritional needs of the family of the homemaker; or

(3) if attendance at a postsecondary institution of education by an enrolled student of that institution depends upon the use of the driver's license.

(c) The commissioner in issuing a limited license may impose such conditions and limitations as in the commissioner's judgment are necessary to the interests of the public safety and welfare including reexamination as to the driver's qualifications. The license may be limited to the operation of particular vehicles, to particular classes and times of operation, and to particular conditions of traffic. The commissioner may require that an applicant for a limited license affirmatively demonstrate that use of public transportation or carpooling as an alternative to a limited license would be a significant hardship.

(d) For purposes of this subdivision:

(1) "homemaker" refers to the person primarily performing the domestic tasks in a household of residents consisting of at least the person and the person's dependent child or other dependents; and

(2) "twice the legal limit" means an alcohol concentration of two times the limit specified in section 169A.20, subdivision 1, clause (5).

(e) The limited license issued by the commissioner shall clearly indicate the limitations imposed and the driver operating under the limited license shall have the license in possession at all times when operating as a driver.

(f) In determining whether to issue a limited license, the commissioner shall consider the number and the seriousness of prior convictions and the entire driving record of the driver and shall consider the number of miles driven by the driver annually.

(g) If the person's driver's license or permit to drive has been revoked under section 169.792 or 169.797, the commissioner may only issue a limited license to the person after the person has presented an insurance identification card, policy, or written statement indicating that the driver or owner has insurance coverage satisfactory to the commissioner of public safety. The commissioner of public safety may require the insurance identification card provided to satisfy this subdivision be certified by the insurance company to be noncancelable for a period not to exceed 12 months.

(h) The limited license issued by the commissioner to a person under section 171.186, subdivision 4, must expire 90 days after the date it is issued. The commissioner must not issue a limited license to a person who previously has been issued a limited license under section 171.186, subdivision 4.

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(i) The commissioner shall not issue a limited driver's license to any person described in section 171.04, subdivision 1, clause (6), (7), (8), (11), or (14).

(j) The commissioner shall not issue a class A, class B, or class C limited license.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 4. Minnesota Statutes 2017 Supplement, section 171.30, subdivision 2a, is amended to read:

Subd. 2a. **Other waiting periods.** Notwithstanding subdivision 2, a limited license shall not be issued for a period of:

(1) 15 days, to a person whose license or privilege has been revoked or suspended for a first violation of section 169A.20, sections 169A.50 to 169A.53, section 171.177, or a statute or ordinance from another state in conformity with ~~either~~ any of those sections; or

(2) 90 days, to a person who submitted to testing under sections 169A.50 to 169A.53, section 171.177, or a statute or ordinance from another state in conformity with any of those sections, if the person's license or privilege has been revoked or suspended for a violation of section 169A.20, subdivision 1, clause (2), (3), (4), or (7), occurring within ten years of a qualified prior impaired driving incident, or after two qualified prior impaired driving incidents, for violations of section 169A.20, sections 169A.50 to 169A.53, section 171.177, or a statute or ordinance from another state in conformity with any of those sections; or

(3) 180 days, to a person who refused testing under sections 169A.50 to 169A.53, section 171.177, or a statute or ordinance from another state in conformity with any of those sections, if the person's license or privilege has been revoked or suspended for a violation of section 169A.20, subdivision 1, clause (2), (3), (4), or (7), occurring within ten years of a qualified prior impaired driving incident, or after two qualified prior impaired driving incidents, for violations of section 169A.20, sections 169A.50 to 169A.53, section 171.177, or a statute or ordinance from another state in conformity with any of those sections; or

(4) one year, to a person whose license or privilege has been revoked or suspended for committing manslaughter resulting from the operation of a motor vehicle, committing criminal vehicular homicide or injury under section ~~609.21~~ 609.2112, subdivision 1, clause (1), (2), item (ii), (5), (6), (7), or (8), committing criminal vehicular homicide under section ~~609.21~~ 609.2112, subdivision 1, clause (2), item (i) or (iii), (3), or (4), or violating a statute or ordinance from another state in conformity with either of those offenses.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 5. Minnesota Statutes 2017 Supplement, section 171.306, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) As used in this section, the terms in this subdivision have the meanings given them.

(b) "Ignition interlock device" or "device" means equipment that is designed to measure breath alcohol concentration and to prevent a motor vehicle's ignition from being started by a person whose breath alcohol concentration measures 0.02 or higher on the equipment.

(c) "Location tracking capabilities" means the ability of an electronic or wireless device to identify and transmit its geographic location through the operation of the device.

(d) "Program participant" means a person who has qualified to take part in the ignition interlock program under this section, and whose driver's license has been:

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(1) revoked, canceled, or denied under section 169A.52~~;~~ or 169A.54~~;~~, for a violation of section 169A.20, subdivision 1, clause (1), (5), or (6);

(2) revoked, canceled, or denied under section 171.04, subdivision 1, clause (10); or 171.177~~;~~, for a violation of section 169A.20, subdivision 1, clause (1), (5), or (6); or

~~(2)~~ (3) revoked under section 171.17, subdivision 1, paragraph (a), clause (1), or suspended under section 171.187, for a violation of section 609.2113, subdivision 1, clause (2), item (i) or (iii), (3), or (4); subdivision 2, clause (2), item (i) or (iii), (3), or (4); or subdivision 3, clause (2), item (i) or (iii), (3), or (4); or 609.2114, subdivision 2, clause (2), item (i) or (iii), (3), or (4), resulting in bodily harm, substantial bodily harm, or great bodily harm.

(e) "Qualified prior impaired driving incident" has the meaning given in section 169A.03, subdivision 22.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 6. Minnesota Statutes 2017 Supplement, section 171.306, subdivision 2, is amended to read:

Subd. 2. **Performance standards; certification; manufacturer and provider requirements.** (a) The commissioner shall establish performance standards and a process for certifying devices used in the ignition interlock program, except that the commissioner may not establish standards that, directly or indirectly, require devices to use or enable location tracking capabilities without a court order.

(b) The manufacturer of a device must apply annually for certification of the device by submitting the form prescribed by the commissioner. The commissioner shall require manufacturers of certified devices to:

(1) provide device installation, servicing, and monitoring to indigent program participants at a discounted rate, according to the standards established by the commissioner; ~~and~~

(2) include in an ignition interlock device contract a provision that a program participant who voluntarily terminates participation in the program is only liable for servicing and monitoring costs incurred during the time the device is installed on the motor vehicle, regardless of whether the term of the contract has expired; and

(3) include in an ignition interlock device contract a provision that requires manufacturers of certified devices to pay any towing or repair costs caused by device failure or malfunction, or by damage caused during device installation, servicing, or monitoring.

(c) The manufacturer of a certified device must include with an ignition interlock device contract a separate notice to the program participant regarding any location tracking capabilities of the device.

ARTICLE 34

HEALTH CARE

Section 1. Minnesota Statutes 2016, section 3.3005, subdivision 8, is amended to read:

Subd. 8. **Request contents.** A request to spend federal funds submitted under this section must include the name of the federal grant, the federal agency from which the funds are available, a federal identification number, a brief description of the purpose of the grant, the amounts expected by fiscal year, an indication if any state match is required, an indication if there is a maintenance of effort requirement, and the number of full-time equivalent positions needed to implement the grant. For new grants, the request must provide

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a narrative description of the short- and long-term commitments required, including whether continuation of any full-time equivalent positions will be a condition of receiving the federal award.

Sec. 2. Minnesota Statutes 2017 Supplement, section 13.69, subdivision 1, is amended to read:

Subdivision 1. **Classifications.** (a) The following government data of the Department of Public Safety are private data:

(1) medical data on driving instructors, licensed drivers, and applicants for parking certificates and special license plates issued to physically disabled persons;

(2) other data on holders of a disability certificate under section 169.345, except that (i) data that are not medical data may be released to law enforcement agencies, and (ii) data necessary for enforcement of sections 169.345 and 169.346 may be released to parking enforcement employees or parking enforcement agents of statutory or home rule charter cities and towns;

(3) Social Security numbers in driver's license and motor vehicle registration records, except that Social Security numbers must be provided to the Department of Revenue for purposes of tax administration, the Department of Labor and Industry for purposes of workers' compensation administration and enforcement, the judicial branch for purposes of debt collection, and the Department of Natural Resources for purposes of license application administration, and except that the last four digits of the Social Security number must be provided to the Department of Human Services for purposes of recovery of Minnesota health care program benefits paid; and

(4) data on persons listed as standby or temporary custodians under section 171.07, subdivision 11, except that the data must be released to:

(i) law enforcement agencies for the purpose of verifying that an individual is a designated caregiver; or

(ii) law enforcement agencies who state that the license holder is unable to communicate at that time and that the information is necessary for notifying the designated caregiver of the need to care for a child of the license holder.

The department may release the Social Security number only as provided in clause (3) and must not sell or otherwise provide individual Social Security numbers or lists of Social Security numbers for any other purpose.

(b) The following government data of the Department of Public Safety are confidential data: data concerning an individual's driving ability when that data is received from a member of the individual's family.

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

Sec. 3. **[62J.90] MINNESOTA HEALTH POLICY COMMISSION.**

Subdivision 1. **Definition.** For purposes of this section, "commission" means the Minnesota Health Policy Commission.

Subd. 2. **Commission membership.** The commission shall consist of 16 voting members, appointed by the Legislative Coordinating Commission as provided in subdivision 9, as follows:

(1) one member with demonstrated expertise in health care finance;

(2) one member with demonstrated expertise in health economics;

(3) one member with demonstrated expertise in actuarial science;

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(4) one member with demonstrated expertise in health plan management and finance;

(5) one member with demonstrated expertise in health care system management;

(6) one member with demonstrated expertise as a purchaser, or a representative of a purchaser, of employer-sponsored health care services or employer-sponsored health insurance;

(7) one member with demonstrated expertise in the development and utilization of innovative medical technologies;

(8) one member with demonstrated expertise as a health care consumer advocate;

(9) one member who is a primary care physician;

(10) one member with demonstrated knowledge and expertise in patient privacy issues;

(11) one member who provides long-term care services through medical assistance;

(12) one member with direct experience as an enrollee, or parent or caregiver of an enrollee, in MinnesotaCare or medical assistance;

(13) two members of the senate, including one member appointed by the majority leader and one member from the minority party appointed by the minority leader; and

(14) two members of the house of representatives, including one member appointed by the speaker of the house and one member from the minority party appointed by the minority leader.

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

(1) compare Minnesota's private market health care costs and public health care program spending to that of the other states;

(2) compare Minnesota's private market health care costs and public health care program spending in any given year to its costs and spending in previous years;

(3) identify factors that influence and contribute to Minnesota's ranking for private market health care costs and public health care program spending, including the year over year and trend line change in total costs and spending in the state;

(4) continually monitor efforts to reform the health care delivery and payment system in Minnesota to understand emerging trends in the health insurance market, including the private health care market, large self-insured employers, and the state's public health care programs in order to identify opportunities for state action to achieve:

(i) improved patient experience of care, including quality and satisfaction;

(ii) improved health of all populations; and

(iii) reduced per capita cost of health care;

(5) make recommendations for legislative policy, the health care market, or any other reforms to:

(i) lower the rate of growth in private market health care costs and public health care program spending in the state;

(ii) positively impact the state's ranking in the areas listed in this subdivision; and

(iii) improve the quality and value of care for all Minnesotans; and

(6) conduct any additional reviews requested by the legislature.

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(b) In making recommendations to the legislature, the commission shall consider:

(i) how the recommendations might positively impact the cost-shifting interplay between public payer reimbursement rates and health insurance premiums; and

(ii) how public health care programs, where appropriate, may be utilized as a means to help prepare enrollees for an eventual transition to the private health care market.

Subd. 4. **Report.** The commission shall submit recommendations for changes in health care policy and financing by June 15 each year to the chairs and ranking minority members of the legislative committees with primary jurisdiction over health care. The report shall include any draft legislation to implement the commission's recommendations.

Subd. 5. **Staff.** The commission shall hire a director who may employ or contract for professional and technical assistance as the commission determines necessary to perform its duties. The commission may also contract with private entities with expertise in health economics, health finance, and actuarial science to secure additional information, data, research, or modeling that may be necessary for the commission to carry out its duties.

Subd. 6. **Access to information.** (a) The commission may request that a state department or agency provide the commission with any publicly available information in a usable format as requested by the commission, at no cost to the commission.

(b) The commission may request from a state department or agency unique or custom data sets and the department or agency may charge the commission for providing the data at the same rate the department or agency would charge any other public or private entity.

(c) Any information provided to the commission by a state department or agency must be de-identified. For purposes of this subdivision, "de-identified" means the process used to prevent the identity of a person or business from being connected with information and ensuring all identifiable information has been removed.

(d) By July 1, 2020, and annually thereafter, the commission shall provide the legislative committees with jurisdiction over data practices with a report describing the de-identified information and data obtained by the commission from state departments and agencies in the preceding year. The report must describe the information obtained, including the scope of the information obtained, the purpose for which it was obtained, the classification of any data obtained, the length of time the information shall be used, and security measures for protecting the information in accordance with chapter 13. The report must include a notification to the public that although the information obtained by the commission is de-identified, de-identified data retains some risk of identification, and that a data use agreement must limit the use of the data and prohibit attempts to reidentify the data. The commission shall also maintain the reports on the commission's Web site.

Subd. 7. **Terms; vacancies; compensation.** (a) Public members of the commission shall serve four-year terms. The public members may not serve for more than two consecutive terms.

(b) The legislative members shall serve on the commission as long as the member or the appointing authority holds office.

(c) The removal of members and filling of vacancies on the commission are as provided in section 15.059.

(d) Public members may receive compensation and expenses as provided in section 15.059, subdivision 3.

Subd. 8. **Chairs; officers.** The commission shall elect a chair annually. The commission may elect other officers necessary for the performance of its duties.

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Subd. 9. **Selection of members; advisory council.** The Legislative Coordinating Commission shall take applications from members of the public who are qualified and interested to serve in one of the listed positions. The applications must be reviewed by a health policy commission advisory council comprised of four members as follows: the state economist, legislative auditor, state demographer, and the president of the Federal Reserve Bank of Minneapolis or a designee of the president. The advisory council shall recommend two applicants for each of the specified positions by September 30 in the calendar year preceding the end of the members' terms. The Legislative Coordinating Commission shall appoint one of the two recommended applicants to the commission.

Subd. 10. **Meetings.** The commission shall meet at least four times each year. Commission meetings are subject to chapter 13D.

Subd. 11. **Conflict of interest.** A member of the commission may not participate in or vote on a decision of the commission relating to an organization in which the member has either a direct or indirect financial interest.

Subd. 12. **Expiration.** The commission shall expire on June 15, 2024.

Sec. 4. **[256.0113] ELIGIBILITY VERIFICATION.**

Subdivision 1. **Verification required; vendor contract.** (a) The commissioner shall ensure that medical assistance, MinnesotaCare, child care assistance programs under chapter 119B, and Supplemental Nutrition Assistance Program (SNAP) eligibility determinations through the MNsure information technology system and through other agency eligibility determination systems include the computerized verification of income, residency, identity, and when applicable, assets and compliance with SNAP work requirements.

(b) The commissioner shall contract with a vendor to verify the eligibility of all persons enrolled in medical assistance, MinnesotaCare, a child care assistance program, and SNAP during a specified audit period. This contract shall be exempt from sections 16C.08, subdivision 2, clause (1); 16C.09, paragraph (a), clause (1); 43A.047, paragraph (a), and any other law to the contrary.

(c) The contract must require the vendor to comply with enrollee data privacy requirements and to use encryption to safeguard enrollee identity. The contract must also provide penalties for vendor noncompliance.

(d) The contract must include a revenue sharing agreement, under which vendor compensation is limited to a portion of any savings to the state resulting from the vendor's implementation of eligibility verification initiatives under this section.

(e) The commissioner shall use existing resources to fund any agency administrative and technology-related costs incurred as a result of implementing this section.

(f) All state savings resulting from implementation of the vendor contract under this section, minus any payments to the vendor made under the terms of the revenue sharing agreement, shall be deposited into the health care access fund.

Subd. 2. **Verification process; vendor duties.** (a) The verification process implemented by the vendor must include but is not limited to data matches of the name, date of birth, address, and Social Security number of each medical assistance, MinnesotaCare, child care assistance program, and SNAP enrollee against relevant information in federal and state data sources, including the federal data hub established under the Affordable Care Act. In designing the verification process, the vendor, to the extent feasible, shall incorporate procedures that are compatible and coordinated with, and build upon or improve, existing procedures used by the MNsure information technology system and other agency eligibility determination systems.

(b) The vendor, upon preliminary determination that an enrollee is eligible or ineligible, shall notify the commissioner. Within 20 business days of notification, the commissioner shall accept the preliminary determination or reject the preliminary determination with a stated reason. The commissioner shall retain

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final authority over eligibility determinations. The vendor shall keep a record of all preliminary determinations of ineligibility submitted to the commissioner.

(c) The vendor shall recommend to the commissioner an eligibility verification process that allows ongoing verification of enrollee eligibility under the MNsure information technology system and other agency eligibility determination systems.

(d) The commissioner and the vendor, following the conclusion of the initial contract period, shall jointly submit an eligibility verification audit report to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance. The report shall include but is not limited to information in the form of unidentified summary data on preliminary determinations of eligibility or ineligibility communicated by the vendor, the actions taken on those preliminary determinations by the commissioner, and the commissioner's reasons for rejecting preliminary determinations by the vendor. The report must also include the recommendations for ongoing verification of enrollee eligibility required under paragraph (c).

(e) An eligibility verification vendor contract shall be awarded for an initial one-year period, beginning January 1, 2019. The commissioner shall renew the contract for up to three additional one-year periods and require additional eligibility verification audits, if the commissioner or the legislative auditor determines that the MNsure information technology system and other agency eligibility determination systems cannot effectively verify the eligibility of medical assistance, MinnesotaCare, child care assistance program, and SNAP enrollees.

Sec. 5. Minnesota Statutes 2017 Supplement, section 256.969, subdivision 9, is amended to read:

Subd. 9. **Disproportionate numbers of low-income patients served.** (a) For admissions occurring on or after July 1, 1993, the medical assistance disproportionate population adjustment shall comply with federal law and shall be paid to a hospital, excluding regional treatment centers and facilities of the federal Indian Health Service, with a medical assistance inpatient utilization rate in excess of the arithmetic mean. The adjustment must be determined as follows:

(1) for a hospital with a medical assistance inpatient utilization rate above the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service but less than or equal to one standard deviation above the mean, the adjustment must be determined by multiplying the total of the operating and property payment rates by the difference between the hospital's actual medical assistance inpatient utilization rate and the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service; and

(2) for a hospital with a medical assistance inpatient utilization rate above one standard deviation above the mean, the adjustment must be determined by multiplying the adjustment that would be determined under clause (1) for that hospital by 1.1. The commissioner shall report annually on the number of hospitals likely to receive the adjustment authorized by this paragraph. The commissioner shall specifically report on the adjustments received by public hospitals and public hospital corporations located in cities of the first class.

(b) Certified public expenditures made by Hennepin County Medical Center shall be considered Medicaid disproportionate share hospital payments. Hennepin County and Hennepin County Medical Center shall report by June 15, 2007, on payments made beginning July 1, 2005, or another date specified by the commissioner, that may qualify for reimbursement under federal law. Based on these reports, the commissioner shall apply for federal matching funds.

(c) Upon federal approval of the related state plan amendment, paragraph (b) is effective retroactively from July 1, 2005, or the earliest effective date approved by the Centers for Medicare and Medicaid Services.

(d) Effective July 1, 2015, disproportionate share hospital (DSH) payments shall be paid in accordance with a new methodology using 2012 as the base year. Annual payments made under this paragraph shall

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equal the total amount of payments made for 2012. A licensed children's hospital shall receive only a single DSH factor for children's hospitals. Other DSH factors may be combined to arrive at a single factor for each hospital that is eligible for DSH payments. The new methodology shall make payments only to hospitals located in Minnesota and include the following factors:

(1) a licensed children's hospital with at least 1,000 fee-for-service discharges in the base year shall receive a factor of 0.868. A licensed children's hospital with less than 1,000 fee-for-service discharges in the base year shall receive a factor of 0.7880;

(2) a hospital that has in effect for the initial rate year a contract with the commissioner to provide extended psychiatric inpatient services under section 256.9693 shall receive a factor of 0.0160;

(3) a hospital that has received payment from the fee-for-service program for at least 20 transplant services in the base year shall receive a factor of 0.0435;

(4) a hospital that has a medical assistance utilization rate in the base year between 20 percent up to one standard deviation above the statewide mean utilization rate shall receive a factor of 0.0468;

(5) a hospital that has a medical assistance utilization rate in the base year that is at least one standard deviation above the statewide mean utilization rate but is less than three standard deviations above the mean shall receive a factor of 0.2300; and

(6) a hospital that has a medical assistance utilization rate in the base year that is at least three standard deviations above the statewide mean utilization rate shall receive a factor of 0.3711.

(e) Any payments or portion of payments made to a hospital under this subdivision that are subsequently returned to the commissioner because the payments are found to exceed the hospital-specific DSH limit for that hospital shall be redistributed, proportionate to the number of fee-for-service discharges, to other DSH-eligible non-children's hospitals that have a medical assistance utilization rate that is at least one standard deviation above the mean.

(f) Effective for discharges on January 1, 2019, through June 30, 2019, an additional payment adjustment shall be established by the commissioner under this subdivision for hospitals that provide high levels of administering high-cost drugs to enrollees in the fee-for-service medical assistance program. The commissioner shall consider factors such as fee-for-service medical assistance utilization rates and payments made for drugs purchased through the 340B drug purchasing program and administered to fee-for-service enrollees. If any part of this adjustment exceeds a hospital's hospital-specific disproportionate share hospital limit, the commissioner shall make a payment to the hospital that equals the nonfederal share of the amount that exceeds the limit. The total nonfederal share of the amount of the payment adjustment under this paragraph shall not exceed $1,500,000.

Sec. 6. Minnesota Statutes 2016, section 256B.04, subdivision 14, is amended to read:

Subd. 14. **Competitive bidding.** (a) When determined to be effective, economical, and feasible, the commissioner may utilize volume purchase through competitive bidding and negotiation under the provisions of chapter 16C, to provide items under the medical assistance program including but not limited to the following:

(1) eyeglasses;

(2) oxygen. The commissioner shall provide for oxygen needed in an emergency situation on a short-term basis, until the vendor can obtain the necessary supply from the contract dealer;

(3) hearing aids and supplies; and

(4) durable medical equipment, including but not limited to:

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(i) hospital beds;

(ii) commodes;

(iii) glide-about chairs;

(iv) patient lift apparatus;

(v) wheelchairs and accessories;

(vi) oxygen administration equipment;

(vii) respiratory therapy equipment;

(viii) electronic diagnostic, therapeutic and life-support systems;

(5) nonemergency medical transportation level of need determinations, disbursement of public transportation passes and tokens, and volunteer and recipient mileage and parking reimbursements; and

(6) drugs.

(b) Rate changes and recipient cost-sharing under this chapter and chapter 256L do not affect contract payments under this subdivision unless specifically identified.

(c) The commissioner may not utilize volume purchase through competitive bidding and negotiation ~~for special transportation services~~ under the provisions of chapter 16C for special transportation services or incontinence products and related supplies.

Sec. 7. Minnesota Statutes 2016, section 256B.04, subdivision 21, is amended to read:

Subd. 21. **Provider enrollment.** (a) If the commissioner or the Centers for Medicare and Medicaid Services determines that a provider is designated "high-risk," the commissioner may withhold payment from providers within that category upon initial enrollment for a 90-day period. The withholding for each provider must begin on the date of the first submission of a claim.

(b) An enrolled provider that is also licensed by the commissioner under chapter 245A, or is licensed as a home care provider by the Department of Health under chapter 144A and has a home and community-based services designation on the home care license under section 144A.484, must designate an individual as the entity's compliance officer. The compliance officer must:

(1) develop policies and procedures to assure adherence to medical assistance laws and regulations and to prevent inappropriate claims submissions;

(2) train the employees of the provider entity, and any agents or subcontractors of the provider entity including billers, on the policies and procedures under clause (1);

(3) respond to allegations of improper conduct related to the provision or billing of medical assistance services, and implement action to remediate any resulting problems;

(4) use evaluation techniques to monitor compliance with medical assistance laws and regulations;

(5) promptly report to the commissioner any identified violations of medical assistance laws or regulations; and

(6) within 60 days of discovery by the provider of a medical assistance reimbursement overpayment, report the overpayment to the commissioner and make arrangements with the commissioner for the commissioner's recovery of the overpayment.

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The commissioner may require, as a condition of enrollment in medical assistance, that a provider within a particular industry sector or category establish a compliance program that contains the core elements established by the Centers for Medicare and Medicaid Services.

(c) The commissioner may revoke the enrollment of an ordering or rendering provider for a period of not more than one year, if the provider fails to maintain and, upon request from the commissioner, provide access to documentation relating to written orders or requests for payment for durable medical equipment, certifications for home health services, or referrals for other items or services written or ordered by such provider, when the commissioner has identified a pattern of a lack of documentation. A pattern means a failure to maintain documentation or provide access to documentation on more than one occasion. Nothing in this paragraph limits the authority of the commissioner to sanction a provider under the provisions of section 256B.064.

(d) The commissioner shall terminate or deny the enrollment of any individual or entity if the individual or entity has been terminated from participation in Medicare or under the Medicaid program or Children's Health Insurance Program of any other state. The commissioner may exempt a rehabilitation agency from termination or denial that would otherwise be required under this paragraph, if the agency:

(1) is unable to retain Medicare certification and enrollment solely due to a lack of billing to the Medicare program;

(2) meets all other applicable Medicare certification requirements based on a review completed by the commissioner of health; and

(3) serves primarily a pediatric population.

(e) As a condition of enrollment in medical assistance, the commissioner shall require that a provider designated "moderate" or "high-risk" by the Centers for Medicare and Medicaid Services or the commissioner permit the Centers for Medicare and Medicaid Services, its agents, or its designated contractors and the state agency, its agents, or its designated contractors to conduct unannounced on-site inspections of any provider location. The commissioner shall publish in the Minnesota Health Care Program Provider Manual a list of provider types designated "limited," "moderate," or "high-risk," based on the criteria and standards used to designate Medicare providers in Code of Federal Regulations, title 42, section 424.518. The list and criteria are not subject to the requirements of chapter 14. The commissioner's designations are not subject to administrative appeal.

(f) As a condition of enrollment in medical assistance, the commissioner shall require that a high-risk provider, or a person with a direct or indirect ownership interest in the provider of five percent or higher, consent to criminal background checks, including fingerprinting, when required to do so under state law or by a determination by the commissioner or the Centers for Medicare and Medicaid Services that a provider is designated high-risk for fraud, waste, or abuse.

(g)(1) Upon initial enrollment, reenrollment, and notification of revalidation, all durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) medical suppliers meeting the durable medical equipment provider and supplier definition in clause (3), operating in Minnesota and receiving Medicaid funds must purchase a surety bond that is annually renewed and designates the Minnesota Department of Human Services as the obligee, and must be submitted in a form approved by the commissioner. For purposes of this clause, the following medical suppliers are not required to obtain a surety bond: a federally qualified health center, a home health agency, the Indian Health Service, a pharmacy, and a rural health clinic.

(2) At the time of initial enrollment or reenrollment, durable medical equipment providers and suppliers defined in clause (3) must purchase a surety bond of $50,000. If a revalidating provider's Medicaid revenue in the previous calendar year is up to and including $300,000, the provider agency must purchase a surety bond of $50,000. If a revalidating provider's Medicaid revenue in the previous calendar year is over $300,000, the provider agency must purchase a surety bond of $100,000. The surety bond must allow for recovery of costs and fees in pursuing a claim on the bond.

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(3) "Durable medical equipment provider or supplier" means a medical supplier that can purchase medical equipment or supplies for sale or rental to the general public and is able to perform or arrange for necessary repairs to and maintenance of equipment offered for sale or rental.

(h) The Department of Human Services may require a provider to purchase a surety bond as a condition of initial enrollment, reenrollment, reinstatement, or continued enrollment if: (1) the provider fails to demonstrate financial viability, (2) the department determines there is significant evidence of or potential for fraud and abuse by the provider, or (3) the provider or category of providers is designated high-risk pursuant to paragraph (a) and as per Code of Federal Regulations, title 42, section 455.450. The surety bond must be in an amount of $100,000 or ten percent of the provider's payments from Medicaid during the immediately preceding 12 months, whichever is greater. The surety bond must name the Department of Human Services as an obligee and must allow for recovery of costs and fees in pursuing a claim on the bond. This paragraph does not apply if the provider currently maintains a surety bond under the requirements in section 256B.0659 or 256B.85.

Sec. 8. Minnesota Statutes 2017 Supplement, section 256B.0625, subdivision 3b, is amended to read:

Subd. 3b. **Telemedicine services.** (a) Medical assistance covers medically necessary services and consultations delivered by a licensed health care provider via telemedicine in the same manner as if the service or consultation was delivered in person. Coverage is limited to three telemedicine services per enrollee per calendar week, except as provided in paragraph (f). Telemedicine services shall be paid at the full allowable rate.

(b) The commissioner shall establish criteria that a health care provider must attest to in order to demonstrate the safety or efficacy of delivering a particular service via telemedicine. The attestation may include that the health care provider:

(1) has identified the categories or types of services the health care provider will provide via telemedicine;

(2) has written policies and procedures specific to telemedicine services that are regularly reviewed and updated;

(3) has policies and procedures that adequately address patient safety before, during, and after the telemedicine service is rendered;

(4) has established protocols addressing how and when to discontinue telemedicine services; and

(5) has an established quality assurance process related to telemedicine services.

(c) As a condition of payment, a licensed health care provider must document each occurrence of a health service provided by telemedicine to a medical assistance enrollee. Health care service records for services provided by telemedicine must meet the requirements set forth in Minnesota Rules, part 9505.2175, subparts 1 and 2, and must document:

(1) the type of service provided by telemedicine;

(2) the time the service began and the time the service ended, including an a.m. and p.m. designation;

(3) the licensed health care provider's basis for determining that telemedicine is an appropriate and effective means for delivering the service to the enrollee;

(4) the mode of transmission of the telemedicine service and records evidencing that a particular mode of transmission was utilized;

(5) the location of the originating site and the distant site;

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(6) if the claim for payment is based on a physician's telemedicine consultation with another physician, the written opinion from the consulting physician providing the telemedicine consultation; and

(7) compliance with the criteria attested to by the health care provider in accordance with paragraph (b).

(d) For purposes of this subdivision, unless otherwise covered under this chapter, "telemedicine" is defined as the delivery of health care services or consultations while the patient is at an originating site and the licensed health care provider is at a distant site. A communication between licensed health care providers, or a licensed health care provider and a patient that consists solely of a telephone conversation, e-mail, or facsimile transmission does not constitute telemedicine consultations or services. Telemedicine may be provided by means of real-time two-way, interactive audio and visual communications, including the application of secure video conferencing or store-and-forward technology to provide or support health care delivery, which facilitate the assessment, diagnosis, consultation, treatment, education, and care management of a patient's health care.

(e) For purposes of this section, "licensed health care provider" means a licensed health care provider under section 62A.671, subdivision 6, ~~and~~ a community paramedic as defined under section 144E.001, subdivision 5f, or a mental health practitioner defined under section 245.462, subdivision 17, or 245.4871, subdivision 26, working under the general supervision of a mental health professional; "health care provider" is defined under section 62A.671, subdivision 3; and "originating site" is defined under section 62A.671, subdivision 7.

(f) The limit on coverage of three telemedicine services per enrollee per calendar week does not apply if:

(1) the telemedicine services provided by the licensed health care provider are for the treatment and control of tuberculosis; and

(2) the services are provided in a manner consistent with the recommendations and best practices specified by the Centers for Disease Control and Prevention and the commissioner of health.

Sec. 9. Minnesota Statutes 2016, section 256B.0625, subdivision 13, is amended to read:

Subd. 13. **Drugs.** (a) Medical assistance covers drugs, except for fertility drugs when specifically used to enhance fertility, if prescribed by a licensed practitioner and dispensed by a licensed pharmacist, by a physician enrolled in the medical assistance program as a dispensing physician, or by a physician, physician assistant, or a nurse practitioner employed by or under contract with a community health board as defined in section 145A.02, subdivision 5, for the purposes of communicable disease control.

(b) The dispensed quantity of a prescription drug must not exceed a 34-day supply, unless authorized by the commissioner.

(c) For the purpose of this subdivision and subdivision 13d, an "active pharmaceutical ingredient" is defined as a substance that is represented for use in a drug and when used in the manufacturing, processing, or packaging of a drug becomes an active ingredient of the drug product. An "excipient" is defined as an inert substance used as a diluent or vehicle for a drug. The commissioner shall establish a list of active pharmaceutical ingredients and excipients which are included in the medical assistance formulary. Medical assistance covers selected active pharmaceutical ingredients and excipients used in compounded prescriptions when the compounded combination is specifically approved by the commissioner or when a commercially available product:

(1) is not a therapeutic option for the patient;

(2) does not exist in the same combination of active ingredients in the same strengths as the compounded prescription; and

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(3) cannot be used in place of the active pharmaceutical ingredient in the compounded prescription.

(d) Medical assistance covers the following over-the-counter drugs when prescribed by a licensed practitioner or by a licensed pharmacist who meets standards established by the commissioner, in consultation with the board of pharmacy: antacids, acetaminophen, family planning products, aspirin, insulin, products for the treatment of lice, vitamins for adults with documented vitamin deficiencies, vitamins for children under the age of seven and pregnant or nursing women, and any other over-the-counter drug identified by the commissioner, in consultation with the formulary committee, as necessary, appropriate, and cost-effective for the treatment of certain specified chronic diseases, conditions, or disorders, and this determination shall not be subject to the requirements of chapter 14. A pharmacist may prescribe over-the-counter medications as provided under this paragraph for purposes of receiving reimbursement under Medicaid. When prescribing over-the-counter drugs under this paragraph, licensed pharmacists must consult with the recipient to determine necessity, provide drug counseling, review drug therapy for potential adverse interactions, and make referrals as needed to other health care professionals. ~~Over-the-counter medications must be dispensed in a quantity that is the lowest of: (1) the number of dosage units contained in the manufacturer's original package; (2) the number of dosage units required to complete the patient's course of therapy; or (3) if applicable, the number of dosage units dispensed from a system using retrospective billing, as provided under subdivision 13e, paragraph (b).~~

(e) Effective January 1, 2006, medical assistance shall not cover drugs that are coverable under Medicare Part D as defined in the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, Public Law 108-173, section 1860D-2(e), for individuals eligible for drug coverage as defined in the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, Public Law 108-173, section 1860D-1(a)(3)(A). For these individuals, medical assistance may cover drugs from the drug classes listed in United States Code, title 42, section 1396r-8(d)(2), subject to this subdivision and subdivisions 13a to 13g, except that drugs listed in United States Code, title 42, section 1396r-8(d)(2)(E), shall not be covered.

(f) Medical assistance covers drugs acquired through the federal 340B Drug Pricing Program and dispensed by 340B covered entities and ambulatory pharmacies under common ownership of the 340B covered entity. Medical assistance does not cover drugs acquired through the federal 340B Drug Pricing Program and dispensed by 340B contract pharmacies.

Sec. 10. Minnesota Statutes 2016, section 256B.0625, subdivision 13e, is amended to read:

Subd. 13e. **Payment rates.** (a) Effective January 1, 2019, or upon federal approval, whichever is later, the basis for determining the amount of payment shall be the lower of the ~~actual acquisition costs~~ ingredient cost of the drugs ~~or the maximum allowable cost by the commissioner~~ plus the ~~fixed~~ professional dispensing fee; or the usual and customary price charged to the public. The usual and customary price is defined as the lowest price charged by the provider to a patient who pays for the prescription by cash, check, or charge account and includes those prices the pharmacy charges to customers enrolled in a prescription savings club or prescription discount club administered by the pharmacy or pharmacy chain. The amount of payment basis must be reduced to reflect all discount amounts applied to the charge by any third-party provider/insurer agreement or contract for submitted charges to medical assistance programs. The net submitted charge may not be greater than the patient liability for the service. The ~~pharmacy~~ professional dispensing fee shall be ~~$3.65~~ $10.48 for ~~legend prescription drugs~~ prescriptions filled with legend drugs meeting the definition of "covered outpatient drugs" according to United States Code, title 42, section 1396r-8, paragraph (k), clause (2), except that the dispensing fee for intravenous solutions which must be compounded by the pharmacist shall be ~~$8~~ $10.48 per bag~~, $14 per bag for cancer chemotherapy products, and $30 per bag for total parenteral nutritional products dispensed in one liter quantities, or $44 per bag for total parenteral nutritional products dispensed in quantities greater than one liter~~. The professional dispensing fee for prescriptions filled with over-the-counter drugs meeting the definition of covered outpatient drugs shall be $10.48 for dispensed quantities equal to or greater than the number of units contained in the manufacturer's original package. The professional dispensing fee shall be prorated based on the percentage of the package dispensed when the

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pharmacy dispenses a quantity less than the number of units contained in the manufacturer's original package. The pharmacy dispensing fee for prescribed over-the-counter drugs not meeting the definition of covered outpatient drugs shall be $3.65~~, except that the fee shall be $1.31 for retrospectively billing pharmacies when billing for quantities less than the number of units contained in the manufacturer's original package. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. The actual acquisition cost of a drug shall be estimated by the commissioner at wholesale acquisition cost plus four percent for independently owned pharmacies located in a designated rural area within Minnesota, and at wholesale acquisition cost plus two percent for all other pharmacies. A pharmacy is "independently owned" if it is one of four or fewer pharmacies under the same ownership nationally. A "designated rural area" means an area defined as a small rural area or isolated rural area according to the four-category classification of the Rural Urban Commuting Area system developed for the United States Health Resources and Services Administration. Effective January 1, 2014, the actual acquisition~~ for quantities equal to or greater than the number of units contained in the manufacturer's original package and shall be prorated based on the percentage of the package dispensed when the pharmacy dispenses a quantity less than the number of units contained in the manufacturer's original package. The National Average Drug Acquisition Cost (NADAC) shall be used to determine the ingredient cost of a drug. For drugs for which a NADAC is not reported, the commissioner shall estimate the ingredient cost at wholesale acquisition cost minus two percent. The commissioner shall establish the ingredient cost of a drug acquired through the federal 340B Drug Pricing Program ~~shall be estimated by the commissioner at wholesale acquisition cost minus 40 percent~~ at a 340B Drug Pricing Program maximum allowable cost. The 340B Drug Pricing Program maximum allowable cost shall be comparable to, but no higher than, the 340B Drug Pricing Program ceiling price established by the Health Resources and Services Administration. Wholesale acquisition cost is defined as the manufacturer's list price for a drug or biological to wholesalers or direct purchasers in the United States, not including prompt pay or other discounts, rebates, or reductions in price, for the most recent month for which information is available, as reported in wholesale price guides or other publications of drug or biological pricing data. The maximum allowable cost of a multisource drug may be set by the commissioner and it shall be comparable to~~, but~~ the actual acquisition cost of the drug product and no higher than, the maximum amount paid by other third-party payors in this state who have maximum allowable cost programs and no higher than the NADAC of the generic product. Establishment of the amount of payment for drugs shall not be subject to the requirements of the Administrative Procedure Act.

(b) Pharmacies dispensing prescriptions to residents of long-term care facilities using an automated drug distribution system meeting the requirements of section 151.58, or a packaging system meeting the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse, may employ retrospective billing for prescription drugs dispensed to long-term care facility residents. A retrospectively billing pharmacy must submit a claim only for the quantity of medication used by the enrolled recipient during the defined billing period. A retrospectively billing pharmacy must use a billing period not less than one calendar month or 30 days.

(c) ~~An additional dispensing fee of $.30 may be added to the dispensing fee paid to pharmacists for legend drug prescriptions dispensed to residents of long-term care facilities when a unit dose blister card system, approved by the department, is used. Under this type of dispensing system, the pharmacist must dispense a 30-day supply of drug. The National Drug Code (NDC) from the drug container used to fill the blister card must be identified on the claim to the department. The unit dose blister card containing the drug must meet the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse.~~ A pharmacy provider using packaging that meets the standards set forth in Minnesota Rules, part 6800.2700, is required to credit the department for the actual acquisition cost of all unused drugs that are eligible for reuse, unless the pharmacy is using retrospective billing. The commissioner may permit the drug clozapine to be dispensed in a quantity that is less than a 30-day supply.

(d) ~~Whenever a maximum allowable cost has been set for~~ If a pharmacy dispenses a multisource drug, ~~payment shall be the lower of the usual and customary price charged to the public or~~ the ingredient cost shall be the NADAC of the generic product or the maximum allowable cost established by the commissioner unless prior authorization for the brand name product has been granted according to the criteria established

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by the Drug Formulary Committee as required by subdivision 13f, paragraph (a), and the prescriber has indicated "dispense as written" on the prescription in a manner consistent with section 151.21, subdivision 2.

(e) The basis for determining the amount of payment for drugs administered in an outpatient setting shall be the lower of the usual and customary cost submitted by the provider, 106 percent of the average sales price as determined by the United States Department of Health and Human Services pursuant to title XVIII, section 1847a of the federal Social Security Act, the specialty pharmacy rate, or the maximum allowable cost set by the commissioner. If average sales price is unavailable, the amount of payment must be lower of the usual and customary cost submitted by the provider, the wholesale acquisition cost, the specialty pharmacy rate, or the maximum allowable cost set by the commissioner. Effective January 1, ~~2014~~ 2019, or upon federal approval, whichever is later, the commissioner shall discount the payment rate for drugs obtained through the federal 340B Drug Pricing Program by ~~20~~ 28.6 percent. The payment for drugs administered in an outpatient setting shall be made to the administering facility or practitioner. A retail or specialty pharmacy dispensing a drug for administration in an outpatient setting is not eligible for direct reimbursement.

(f) The commissioner may ~~negotiate lower reimbursement rates~~ establish maximum allowable cost rates for specialty pharmacy products ~~than the rates~~ that are lower than the ingredient cost formulas specified in paragraph (a). The commissioner may require individuals enrolled in the health care programs administered by the department to obtain specialty pharmacy products from providers ~~with whom the commissioner has negotiated lower reimbursement rates~~ able to provide enhanced clinical services and willing to accept the specialty pharmacy reimbursement. Specialty pharmacy products are defined as those used by a small number of recipients or recipients with complex and chronic diseases that require expensive and challenging drug regimens. Examples of these conditions include, but are not limited to: multiple sclerosis, HIV/AIDS, transplantation, hepatitis C, growth hormone deficiency, Crohn's Disease, rheumatoid arthritis, and certain forms of cancer. Specialty pharmaceutical products include injectable and infusion therapies, biotechnology drugs, antihemophilic factor products, high-cost therapies, and therapies that require complex care. The commissioner shall consult with the formulary committee to develop a list of specialty pharmacy products subject to ~~this paragraph~~ maximum allowable cost reimbursement. In consulting with the formulary committee in developing this list, the commissioner shall take into consideration the population served by specialty pharmacy products, the current delivery system and standard of care in the state, and access to care issues. The commissioner shall have the discretion to adjust the ~~reimbursement rate~~ maximum allowable cost to prevent access to care issues.

(g) Home infusion therapy services provided by home infusion therapy pharmacies must be paid at rates according to subdivision 8d.

Sec. 11. Minnesota Statutes 2016, section 256B.0625, subdivision 13f, is amended to read:

Subd. 13f. **Prior authorization.** (a) The Formulary Committee shall review and recommend drugs which require prior authorization. The Formulary Committee shall establish general criteria to be used for the prior authorization of brand-name drugs for which generically equivalent drugs are available, but the committee is not required to review each brand-name drug for which a generically equivalent drug is available.

(b) Prior authorization may be required by the commissioner before certain formulary drugs are eligible for payment. The Formulary Committee may recommend drugs for prior authorization directly to the commissioner. The commissioner may also request that the Formulary Committee review a drug for prior authorization. Before the commissioner may require prior authorization for a drug:

(1) the commissioner must provide information to the Formulary Committee on the impact that placing the drug on prior authorization may have on the quality of patient care and on program costs, information regarding whether the drug is subject to clinical abuse or misuse, and relevant data from the state Medicaid program if such data is available;

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(2) the Formulary Committee must review the drug, taking into account medical and clinical data and the information provided by the commissioner; and

(3) the Formulary Committee must hold a public forum and receive public comment for an additional 15 days.

The commissioner must provide a 15-day notice period before implementing the prior authorization.

(c) Except as provided in subdivision 13j, prior authorization shall not be required or utilized for any atypical antipsychotic drug prescribed for the treatment of mental illness if:

(1) there is no generically equivalent drug available; and

(2) the drug was initially prescribed for the recipient prior to July 1, 2003; or

(3) the drug is part of the recipient's current course of treatment.

This paragraph applies to any multistate preferred drug list or supplemental drug rebate program established or administered by the commissioner. Prior authorization shall automatically be granted for 60 days for brand name drugs prescribed for treatment of mental illness within 60 days of when a generically equivalent drug becomes available, provided that the brand name drug was part of the recipient's course of treatment at the time the generically equivalent drug became available.

~~(d) Prior authorization shall not be required or utilized for any antihemophilic factor drug prescribed for the treatment of hemophilia and blood disorders where there is no generically equivalent drug available if the prior authorization is used in conjunction with any supplemental drug rebate program or multistate preferred drug list established or administered by the commissioner.~~

~~(e)~~ (d) The commissioner may require prior authorization for brand name drugs whenever a generically equivalent product is available, even if the prescriber specifically indicates "dispense as written-brand necessary" on the prescription as required by section 151.21, subdivision 2.

~~(f)~~ (e) Notwithstanding this subdivision, the commissioner may automatically require prior authorization, for a period not to exceed 180 days, for any drug that is approved by the United States Food and Drug Administration on or after July 1, 2005. The 180-day period begins no later than the first day that a drug is available for shipment to pharmacies within the state. The Formulary Committee shall recommend to the commissioner general criteria to be used for the prior authorization of the drugs, but the committee is not required to review each individual drug. In order to continue prior authorizations for a drug after the 180-day period has expired, the commissioner must follow the provisions of this subdivision.

Sec. 12. Minnesota Statutes 2016, section 256B.0625, is amended by adding a subdivision to read:

Subd. 17d. **Transportation services oversight.** The commissioner shall contract with a vendor or dedicate staff for oversight of providers of nonemergency medical transportation services pursuant to the commissioner's authority in section 256B.04 and Minnesota Rules, parts 9505.2160 to 9505.2245.

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

Sec. 13. Minnesota Statutes 2016, section 256B.0625, is amended by adding a subdivision to read:

Subd. 17e. **Transportation provider termination.** (a) A terminated nonemergency medical transportation provider, including all named individuals on the current enrollment disclosure form and known or discovered affiliates of the nonemergency medical transportation provider, is not eligible to enroll as a nonemergency medical transportation provider for five years following the termination.

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(b) After the five-year period in paragraph (a), if a provider seeks to reenroll as a nonemergency medical transportation provider, the nonemergency medical transportation provider must be placed on a one-year probation period. During a provider's probation period, the commissioner shall complete unannounced site visits and request documentation to review compliance with program requirements.

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

Sec. 14. Minnesota Statutes 2016, section 256B.0625, is amended by adding a subdivision to read:

Subd. 17f. **Transportation provider training.** The commissioner shall make available to providers of nonemergency medical transportation and all drivers training materials and online training opportunities regarding documentation requirements, documentation procedures, and penalties for failing to meet documentation requirements.

Sec. 15. **[256B.758] REIMBURSEMENT FOR DOULA SERVICES.**

Effective for services provided on or after July 1, 2018, payments for doula services provided by a certified doula shall be $47 per prenatal or postpartum visit, up to a total of six visits; and $488 for attending and providing doula services at a birth.

Sec. 16. **COVERED OUTPATIENT DRUG RULE.**

The commissioner of human services shall collaborate with the Minnesota Hospital Association, the Minnesota Pharmacists Association, the Minnesota College of Pharmacy, and other affected stakeholders to assess the impact of implementing the federal 2017 Covered Outpatient Drug Rule and develop a proposal to minimize negative impacts to medical assistance enrollees and providers. The commissioner shall report the proposal to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance by February 15, 2019.

Sec. 17. **PAIN MANAGEMENT.**

(a) The Health Services Policy Committee established under Minnesota Statutes, section 256B.0625, subdivision 3c, shall evaluate and make recommendations on the integration of nonpharmacologic pain management that are clinically viable and sustainable; reduce or eliminate chronic pain conditions; improve functional status; and prevent addiction and reduce dependence on opiates or other pain medications. The recommendations must be based on best practices for the effective treatment of musculoskeletal pain provided by health practitioners identified in paragraph (b), and covered under medical assistance. Each health practitioner represented under paragraph (b) shall present the minimum best integrated practice recommendations, policies, and scientific evidence for nonpharmacologic treatment options for eliminating pain and improving functional status within their full professional scope. Recommendations for integration of services may include guidance regarding screening for co-occurring behavioral health diagnoses; protocols for communication between all providers treating a unique individual, including protocols for follow-up; and universal mechanisms to assess improvements in functional status.

(b) In evaluating and making recommendations, the Health Services Policy Committee shall consult and collaborate with the following health practitioners: acupuncture practitioners licensed under Minnesota Statutes, chapter 147B; chiropractors licensed under Minnesota Statutes, sections 148.01 to 148.10; physical therapists licensed under Minnesota Statutes, sections 148.68 to 148.78; medical and osteopathic physicians licensed under Minnesota Statutes, chapter 147, and advanced practice registered nurses licensed under Minnesota Statutes, sections 148.171 to 148.285, with experience in providing primary care collaboratively within a multidisciplinary team of health care practitioners who employ nonpharmacologic pain therapies; and psychologists licensed under Minnesota Statutes, section 148.907.

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(c) The commissioner shall submit a progress report to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance by January 15, 2019, and shall report final recommendations by August 1, 2019. The final report may also contain recommendations for developing and implementing a pilot program to assess the clinical viability, sustainability, and effectiveness of integrated nonpharmacologic, multidisciplinary treatments for managing musculoskeletal pain and improving functional status.

Sec. 18. **CONTRACT TO RECOVER THIRD-PARTY LIABILITY.**

The commissioner shall contract with a vendor to implement a health insurance third-party liability recovery program for medical assistance and MinnesotaCare. Under the terms of the contract, the vendor shall be reimbursed using a percentage of the funds recovered. All money recovered that remains after reimbursement of the vendor and the return of any federal funds is available for operation of the medical assistance and MinnesotaCare programs. The use of this money must be authorized in law by the legislature.

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

Sec. 19. **MINNESOTA HEALTH POLICY COMMISSION; FIRST APPOINTMENTS; FIRST MEETING.**

The Health Policy Commission Advisory Council shall make its recommendations under Minnesota Statutes, section 62J.90, subdivision 9, for candidates to serve on the Minnesota Health Policy Commission to the Legislative Coordinating Commission by September 30, 2018. The Legislative Coordinating Commission shall make the first appointments of public members to the Minnesota Health Policy Commission under Minnesota Statutes, section 62J.90, by January 15, 2019. The Legislative Coordinating Commission shall designate five members to serve terms that are coterminous with the governor and six members to serve terms that end on the first Monday in January one year after the terms of the other members conclude. The director of the Legislative Coordinating Commission shall convene the first meeting of the Minnesota Health Policy Commission by June 15, 2019, and shall act as the chair until the commission elects a chair at its first meeting.

Sec. 20. **REPEALER.**

Minnesota Statutes 2017 Supplement, section 256B.0625, subdivision 31c, is repealed.

ARTICLE 35

HEALTH DEPARTMENT

Section 1. Minnesota Statutes 2017 Supplement, section 103I.005, subdivision 2, is amended to read:

Subd. 2. **Boring.** "Boring" means a hole or excavation that ~~is not used to extract water and~~ includes exploratory borings, bored geothermal heat exchangers, temporary borings, and elevator borings.

Sec. 2. Minnesota Statutes 2017 Supplement, section 103I.005, subdivision 8a, is amended to read:

Subd. 8a. **Environmental well.** "Environmental well" means an excavation 15 or more feet in depth that is drilled, cored, bored, washed, driven, dug, jetted, or otherwise constructed to:

(1) conduct physical, chemical, or biological testing of groundwater, and includes a groundwater quality monitoring or sampling well;

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(2) lower a groundwater level to control or remove contamination in groundwater, and includes a remedial well and excludes horizontal trenches; or

(3) monitor or measure physical, chemical, radiological, or biological parameters of the earth and earth fluids, or for vapor recovery or venting systems. An environmental well includes an excavation used to:

(i) measure groundwater levels, including a piezometer;

(ii) determine groundwater flow direction or velocity;

(iii) measure earth properties such as hydraulic conductivity, bearing capacity, or resistance;

(iv) obtain samples of geologic materials for testing or classification; or

(v) remove or remediate pollution or contamination from groundwater or soil through the use of a vent, vapor recovery system, or sparge point.

An environmental well does not include an exploratory boring.

Sec. 3. Minnesota Statutes 2017 Supplement, section 103I.005, subdivision 17a, is amended to read:

Subd. 17a. **Temporary ~~environmental well~~ boring.** ~~"Temporary environmental well" means an environmental well as defined in section 103I.005, subdivision 8a, that is sealed within 72 hours of the time construction on the well begins.~~ "Temporary boring" means an excavation that is 15 feet or more in depth that is sealed within 72 hours of the start of construction and is drilled, cored, washed, driven, dug, jetted, or otherwise constructed to:

(1) conduct physical, chemical, or biological testing of groundwater, including groundwater quality monitoring;

(2) monitor or measure physical, chemical, radiological, or biological parameters of earth materials or earth fluids, including hydraulic conductivity, bearing capacity, or resistance;

(3) measure groundwater levels, including use of a piezometer;

(4) determine groundwater flow direction or velocity; or

(5) collect samples of geologic materials for testing or classification, or soil vapors for testing or extraction.

Sec. 4. Minnesota Statutes 2017 Supplement, section 103I.205, subdivision 1, is amended to read:

Subdivision 1. **Notification required.** (a) Except as provided in paragraph (d), a person may not construct a water-supply, dewatering, or environmental well until a notification of the proposed well on a form prescribed by the commissioner is filed with the commissioner with the filing fee in section 103I.208, and, when applicable, the person has met the requirements of paragraph (e). If after filing the well notification an attempt to construct a well is unsuccessful, a new notification is not required unless the information relating to the successful well has substantially changed. A notification is not required prior to construction of a temporary ~~environmental well~~ boring.

(b) The property owner, the property owner's agent, or the licensed contractor where a well is to be located must file the well notification with the commissioner.

(c) The well notification under this subdivision preempts local permits and notifications, and counties or home rule charter or statutory cities may not require a permit or notification for wells unless the commissioner has delegated the permitting or notification authority under section 103I.111.

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(d) A person who is an individual that constructs a drive point water-supply well on property owned or leased by the individual for farming or agricultural purposes or as the individual's place of abode must notify the commissioner of the installation and location of the well. The person must complete the notification form prescribed by the commissioner and mail it to the commissioner by ten days after the well is completed. A fee may not be charged for the notification. A person who sells drive point wells at retail must provide buyers with notification forms and informational materials including requirements regarding wells, their location, construction, and disclosure. The commissioner must provide the notification forms and informational materials to the sellers.

(e) When the operation of a well will require an appropriation permit from the commissioner of natural resources, a person may not begin construction of the well until the person submits the following information to the commissioner of natural resources:

(1) the location of the well;

(2) the formation or aquifer that will serve as the water source;

(3) the maximum daily, seasonal, and annual pumpage rates and volumes that will be requested in the appropriation permit; and

(4) other information requested by the commissioner of natural resources that is necessary to conduct the preliminary assessment required under section 103G.287, subdivision 1, paragraph (c).

The person may begin construction after receiving preliminary approval from the commissioner of natural resources.

Sec. 5. Minnesota Statutes 2017 Supplement, section 103I.205, subdivision 4, is amended to read:

Subd. 4. **License required.** (a) Except as provided in paragraph (b), (c), (d), or (e), section 103I.401, subdivision 2, or 103I.601, subdivision 2, a person may not drill, construct, repair, or seal a well or boring unless the person has a well contractor's license in possession.

(b) A person may construct, repair, and seal an environmental well or temporary boring if the person:

(1) is a professional engineer licensed under sections 326.02 to 326.15 in the branches of civil or geological engineering;

(2) is a hydrologist or hydrogeologist certified by the American Institute of Hydrology;

(3) is a professional geoscientist licensed under sections 326.02 to 326.15;

(4) is a geologist certified by the American Institute of Professional Geologists; or

(5) meets the qualifications established by the commissioner in rule.

A person must be licensed by the commissioner as an environmental well contractor on forms provided by the commissioner.

(c) A person may do the following work with a limited well/boring contractor's license in possession. A separate license is required for each of the four activities:

(1) installing, repairing, and modifying well screens, pitless units and pitless adaptors, well pumps and pumping equipment, and well casings from the pitless adaptor or pitless unit to the upper termination of the well casing;

(2) sealing wells and borings;

(3) constructing, repairing, and sealing dewatering wells; or

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(4) constructing, repairing, and sealing bored geothermal heat exchangers.

(d) A person may construct, repair, and seal an elevator boring with an elevator boring contractor's license.

(e) Notwithstanding other provisions of this chapter requiring a license, a license is not required for a person who complies with the other provisions of this chapter if the person is:

(1) an individual who constructs a water-supply well on land that is owned or leased by the individual and is used by the individual for farming or agricultural purposes or as the individual's place of abode; or

(2) an individual who performs labor or services for a contractor licensed under the provisions of this chapter in connection with the construction, sealing, or repair of a well or boring at the direction and under the personal supervision of a contractor licensed under the provisions of this chapter~~; or~~.

~~(3) a licensed plumber who is repairing submersible pumps or water pipes associated with well water systems if: (i) the repair location is within an area where there is no licensed well contractor within 50 miles, and (ii) the licensed plumber complies with all relevant sections of the plumbing code.~~

Sec. 6. Minnesota Statutes 2016, section 103I.205, subdivision 9, is amended to read:

Subd. 9. **Report of work.** Within ~~30~~ 60 days after completion or sealing of a well or boring, the person doing the work must submit a verified report to the commissioner containing the information specified by rules adopted under this chapter.

Within 30 days after receiving the report, the commissioner shall send or otherwise provide access to a copy of the report to the commissioner of natural resources, to the local soil and water conservation district where the well is located, and to the director of the Minnesota Geological Survey.

Sec. 7. Minnesota Statutes 2017 Supplement, section 103I.208, subdivision 1, is amended to read:

Subdivision 1. **Well notification fee.** The well notification fee to be paid by a property owner is:

(1) for construction of a water supply well, $275, which includes the state core function fee;

(2) for a well sealing, $75 for each well or boring, which includes the state core function fee, except that a single fee of $75 is required for all temporary ~~environmental wells~~ borings recorded on the sealing notification for a single property~~, having depths within a 25-foot range, and~~ sealed within 72 hours of start of construction, except that temporary borings less than 25 feet in depth are exempt from the notification and fee requirements in this chapter;

(3) for construction of a dewatering well, $275, which includes the state core function fee, for each dewatering well except a dewatering project comprising five or more dewatering wells shall be assessed a single fee of $1,375 for the dewatering wells recorded on the notification; and

(4) for construction of an environmental well, $275, which includes the state core function fee, except that a single fee of $275 is required for all environmental wells recorded on the notification that are located on a single property, and except that no fee is required for construction of a temporary ~~environmental well~~ boring.

Sec. 8. Minnesota Statutes 2017 Supplement, section 103I.235, subdivision 3, is amended to read:

Subd. 3. **Temporary ~~environmental well~~ boring and unsuccessful well exemption.** This section does not apply to temporary ~~environmental wells~~ borings or unsuccessful wells that have been sealed by a licensed contractor in compliance with this chapter.

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Sec. 9. Minnesota Statutes 2016, section 103I.301, subdivision 6, is amended to read:

Subd. 6. **Notification required.** A person may not seal a well or boring until a notification of the proposed sealing is filed as prescribed by the commissioner. Temporary borings less than 25 feet in depth are exempt from the notification requirements in this chapter.

Sec. 10. Minnesota Statutes 2017 Supplement, section 103I.601, subdivision 4, is amended to read:

Subd. 4. **Notification and map of borings.** (a) By ten days before beginning exploratory boring, an explorer must submit to the commissioner of health a notification of the proposed boring ~~on a form prescribed by the commissioner,~~ map and a fee of $275 ~~for each exploratory boring~~.

(b) By ten days before beginning exploratory boring, an explorer must submit to the commissioners of health and natural resources a county road map on a single sheet of paper that is 8-1/2 inches by 11 inches in size and having a scale of one-half inch equal to one mile, as prepared by the Department of Transportation, or a 7.5 minute series topographic map (1:24,000 scale), as prepared by the United States Geological Survey, showing the location of each proposed exploratory boring to the nearest estimated 40 acre parcel. Exploratory boring that is proposed on the map may not be commenced later than 180 days after submission of the map, unless a new map is submitted.

Sec. 11. **[137.68] ADVISORY COUNCIL ON RARE DISEASES.**

Subdivision 1. **Establishment.** The Board of Regents of the University of Minnesota is requested to establish an advisory council on rare diseases to provide advice on research, diagnosis, treatment, and education related to rare diseases. For purposes of this section, "rare disease" has the meaning given in United States Code, title 21, section 360bb. The council shall be called the Chloe Barnes Advisory Council on Rare Diseases.

Subd. 2. **Membership.** (a) The advisory council may consist of public members appointed by the Board of Regents or a designee according to paragraph (b) and four members of the legislature appointed according to paragraph (c).

(b) The Board of Regents or a designee is requested to appoint the following public members:

(1) three physicians licensed and practicing in the state with experience researching, diagnosing, or treating rare diseases;

(2) one registered nurse or advanced practice registered nurse licensed and practicing in the state with experience treating rare diseases;

(3) at least two hospital administrators, or their designees, from hospitals in the state that provide care to persons diagnosed with a rare disease. One administrator or designee appointed under this clause must represent a hospital in which the scope of service focuses on rare diseases of pediatric patients;

(4) three persons age 18 or older who either have a rare disease or are a caregiver of a person with a rare disease;

(5) a representative of a rare disease patient organization that operates in the state;

(6) a social worker with experience providing services to persons diagnosed with a rare disease;

(7) a pharmacist with experience with drugs used to treat rare diseases;

(8) a dentist licensed and practicing in the state with experience treating rare diseases;

(9) a representative of the biotechnology industry;

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(10) a representative of health plan companies;

(11) a medical researcher with experience conducting research on rare diseases;

(12) a genetic counselor with experience providing services to persons diagnosed with a rare disease or caregivers of those persons; and

(13) other public members, who may serve on an ad hoc basis.

(c) The advisory council shall include two members of the senate, one appointed by the majority leader and one appointed by the minority leader; and two members of the house of representatives, one appointed by the speaker of the house and one appointed by the minority leader.

(d) The commissioner of health or a designee, a representative of Mayo Medical School, and a representative of the University of Minnesota Medical School, shall serve as ex officio, nonvoting members of the advisory council.

(e) Initial appointments to the advisory council shall be made no later than July 1, 2018. Members appointed according to paragraph (b) shall serve for a term of three years, except that the initial members appointed according to paragraph (b) shall have an initial term of two, three, or four years determined by lot by the chairperson. Members appointed according to paragraph (b) shall serve until their successors have been appointed.

Subd. 3. **Meetings.** The Board of Regents or a designee is requested to convene the first meeting of the advisory council no later than September 1, 2018. The advisory council shall meet at the call of the chairperson or at the request of a majority of advisory council members.

Subd. 4. **Duties.** (a) The advisory council's duties may include, but are not limited to:

(1) in conjunction with the state's medical schools, the state's schools of public health, and hospitals in the state that provide care to persons diagnosed with a rare disease, developing resources or recommendations relating to quality of and access to treatment and services in the state for persons with a rare disease, including but not limited to:

(i) a list of existing, publicly accessible resources on research, diagnosis, treatment, and education relating to rare diseases;

(ii) identifying best practices for rare disease care implemented in other states, at the national level, and at the international level, that will improve rare disease care in the state and seeking opportunities to partner with similar organizations in other states and countries;

(iii) identifying problems faced by patients with a rare disease when changing health plans, including recommendations on how to remove obstacles faced by these patients to finding a new health plan and how to improve the ease and speed of finding a new health plan that meets the needs of patients with a rare disease; and

(iv) identifying best practices to ensure health care providers are adequately informed of the most effective strategies for recognizing and treating rare diseases; and

(2) advising, consulting, and cooperating with the Department of Health, the Advisory Committee on Heritable and Congenital Disorders, and other agencies of state government in developing information and programs for the public and the health care community relating to diagnosis, treatment, and awareness of rare diseases.

(b) The advisory council shall collect additional topic areas for study and evaluation from the general public. In order for the advisory council to study and evaluate a topic, the topic must be approved for study and evaluation by the advisory council.

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Subd. 5. **Conflict of interest.** Advisory council members are subject to the Board of Regents policy on conflicts of interest.

Subd. 6. **Annual report.** By January 1 of each year, beginning January 1, 2019, the advisory council shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education and health care policy on the advisory council's activities under subdivision 4 and other issues on which the advisory council may choose to report.

Sec. 12. Minnesota Statutes 2016, section 144.121, subdivision 1a, is amended to read:

Subd. 1a. **Fees for ionizing radiation-producing equipment.** (a) A facility with ionizing radiation-producing equipment must pay an annual initial or annual renewal registration fee consisting of a base facility fee of $100 and an additional fee for each radiation source, as follows:

(1) medical or veterinary equipment	$	100
(2) dental x-ray equipment	$	40
(3) x-ray equipment not used on humans or animals	$	100
(4) devices with sources of ionizing radiation not used on humans or animals	$	100
(5) security screening system	$	100

(b) A facility with radiation therapy and accelerator equipment must pay an annual registration fee of $500. A facility with an industrial accelerator must pay an annual registration fee of $150.

(c) Electron microscopy equipment is exempt from the registration fee requirements of this section.

(d) For purposes of this section, a security screening system means radiation-producing equipment designed and used for security screening of humans who are in custody of a correctional or detention facility, and is used by the facility to image and identify contraband items concealed within or on all sides of a human body. For purposes of this section, a correctional or detention facility is a facility licensed by the commissioner of corrections under section 241.021, and operated by a state agency or political subdivision charged with detection, enforcement, or incarceration in respect to state criminal and traffic laws.

Sec. 13. Minnesota Statutes 2016, section 144.121, is amended by adding a subdivision to read:

Subd. 9. **Exemption from examination requirements; operators of security screening systems.** (a) An employee of a correctional or detention facility who operates a security screening system and the facility in which the system is being operated are exempt from the requirements of subdivisions 5 and 6.

(b) An employee of a correctional or detention facility who operates a security screening system and the facility in which the system is being operated must meet the requirements of a variance to Minnesota Rules, parts 4732.0305 and 4732.0565, issued under Minnesota Rules, parts 4717.7000 to 4717.7050. This paragraph expires on December 31 of the year that the permanent rules adopted by the commissioner governing security screening systems are published in the State Register.

EFFECTIVE DATE. This section is effective 30 days following final enactment.

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Sec. 14. Minnesota Statutes 2016, section 144.1506, subdivision 2, is amended to read:

Subd. 2. **Expansion grant program.** (a) The commissioner of health shall award primary care residency expansion grants to eligible primary care residency programs to plan and implement new residency slots. A planning grant shall not exceed $75,000, and a training grant shall not exceed $150,000 per new residency slot for the first year, $100,000 for the second year, and $50,000 for the third year of the new residency slot. For eligible residency programs longer than three years, training grants may be awarded for the duration of the residency, not exceeding an average of $100,000 per residency slot per year.

(b) Funds may be spent to cover the costs of:

(1) planning related to establishing an accredited primary care residency program;

(2) obtaining accreditation by the Accreditation Council for Graduate Medical Education or another national body that accredits residency programs;

(3) establishing new residency programs or new resident training slots;

(4) recruitment, training, and retention of new residents and faculty;

(5) travel and lodging for new residents;

(6) faculty, new resident, and preceptor salaries related to new residency slots;

(7) training site improvements, fees, equipment, and supplies required for new primary care resident training slots; and

(8) supporting clinical education in which trainees are part of a primary care team model.

Sec. 15. Minnesota Statutes 2016, section 144.225, subdivision 2, is amended to read:

Subd. 2. **Data about births.** (a) Except as otherwise provided in this subdivision, data pertaining to the birth of a child to a woman who was not married to the child's father when the child was conceived nor when the child was born, including the original record of birth and the certified vital record, are confidential data. At the time of the birth of a child to a woman who was not married to the child's father when the child was conceived nor when the child was born, the mother may designate demographic data pertaining to the birth as public. Notwithstanding the designation of the data as confidential, it may be disclosed:

(1) to a parent or guardian of the child;

(2) to the child when the child is 16 years of age or older;

(3) under paragraph (b) or (e); or

(4) pursuant to a court order. For purposes of this section, a subpoena does not constitute a court order.

(b) Unless the child is adopted, data pertaining to the birth of a child that are not accessible to the public become public data if 100 years have elapsed since the birth of the child who is the subject of the data, or as provided under section 13.10, whichever occurs first.

(c) If a child is adopted, data pertaining to the child's birth are governed by the provisions relating to adoption records, including sections 13.10, subdivision 5; 144.218, subdivision 1; 144.2252; and 259.89.

(d) The name and address of a mother under paragraph (a) and the child's date of birth may be disclosed to the county social services, tribal health department, or public health member of a family services collaborative for purposes of providing services under section 124D.23.

(e) The commissioner of human services shall have access to birth records for:

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(1) the purposes of administering medical assistance and the MinnesotaCare program;

(2) child support enforcement purposes; and

(3) other public health purposes as determined by the commissioner of health.

(f) Tribal child support programs shall have access to birth records for child support enforcement purposes.

Sec. 16. Minnesota Statutes 2016, section 144.225, subdivision 2a, is amended to read:

Subd. 2a. **Health data associated with birth registration.** Information from which an identification of risk for disease, disability, or developmental delay in a mother or child can be made, that is collected in conjunction with birth registration or fetal death reporting, is private data as defined in section 13.02, subdivision 12. The commissioner may disclose to a tribal health department or community health board, as defined in section 145A.02, subdivision 5, health data associated with birth registration which identifies a mother or child at high risk for serious disease, disability, or developmental delay in order to assure access to appropriate health, social, or educational services. Notwithstanding the designation of the private data, the commissioner of human services shall have access to health data associated with birth registration for:

(1) purposes of administering medical assistance and the MinnesotaCare program; and

(2) for other public health purposes as determined by the commissioner of health.

Sec. 17. Minnesota Statutes 2016, section 144.225, subdivision 7, is amended to read:

Subd. 7. **Certified birth or death record.** (a) The state registrar or local issuance office shall issue a certified birth or death record or a statement of no vital record found to an individual upon the individual's proper completion of an attestation provided by the commissioner and payment of the required fee:

(1) to a person who has a tangible interest in the requested vital record. A person who has a tangible interest is:

(i) the subject of the vital record;

(ii) a child of the subject;

(iii) the spouse of the subject;

(iv) a parent of the subject;

(v) the grandparent or grandchild of the subject;

(vi) if the requested record is a death record, a sibling of the subject;

(vii) the party responsible for filing the vital record;

(viii) the legal custodian, guardian or conservator, or health care agent of the subject;

(ix) a personal representative, by sworn affidavit of the fact that the certified copy is required for administration of the estate;

(x) a successor of the subject, as defined in section 524.1-201, if the subject is deceased, by sworn affidavit of the fact that the certified copy is required for administration of the estate;

(xi) if the requested record is a death record, a trustee of a trust by sworn affidavit of the fact that the certified copy is needed for the proper administration of the trust;

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(xii) a person or entity who demonstrates that a certified vital record is necessary for the determination or protection of a personal or property right, pursuant to rules adopted by the commissioner; or

(xiii) an adoption agency in order to complete confidential postadoption searches as required by section 259.83;

(2) to any local, state, tribal, or federal governmental agency upon request if the certified vital record is necessary for the governmental agency to perform its authorized duties;

(3) to an attorney upon evidence of the attorney's license;

(4) pursuant to a court order issued by a court of competent jurisdiction. For purposes of this section, a subpoena does not constitute a court order; or

(5) to a representative authorized by a person under clauses (1) to (4).

(b) The state registrar or local issuance office shall also issue a certified death record to an individual described in paragraph (a), clause (1), items (ii) to (viii), if, on behalf of the individual, a licensed mortician furnishes the registrar with a properly completed attestation in the form provided by the commissioner within 180 days of the time of death of the subject of the death record. This paragraph is not subject to the requirements specified in Minnesota Rules, part 4601.2600, subpart 5, item B.

Sec. 18. **[144.397] STATEWIDE TOBACCO CESSATION SERVICES.**

(a) The commissioner of health shall administer, or contract for the administration of, statewide tobacco cessation services to assist Minnesotans who are seeking advice or services to help them quit using tobacco products. The commissioner shall establish statewide public awareness activities to inform the public of the availability of the services and encourage the public to utilize the services because of the dangers and harm of tobacco use and dependence.

(b) Services to be provided may include, but are not limited to:

(1) telephone-based coaching and counseling;

(2) referrals;

(3) written materials mailed upon request;

(4) Web-based texting or e-mail services; and

(5) free Food and Drug Administration-approved tobacco cessation medications.

(c) Services provided must be consistent with evidence-based best practices in tobacco cessation services. Services provided must be coordinated with employer, health plan company, and private sector tobacco prevention and cessation services that may be available to individuals depending on their employment or health coverage.

Sec. 19. Minnesota Statutes 2016, section 144A.43, subdivision 11, is amended to read:

Subd. 11. **Medication administration.** "Medication administration" means performing a set of tasks ~~to ensure a client takes medications, and includes~~ that include the following:

(1) checking the client's medication record;

(2) preparing the medication as necessary;

(3) administering the medication to the client;

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(4) documenting the administration or reason for not administering the medication; and

(5) reporting to a registered nurse or appropriate licensed health professional any concerns about the medication, the client, or the client's refusal to take the medication.

Sec. 20. Minnesota Statutes 2016, section 144A.43, is amended by adding a subdivision to read:

Subd. 12a. **Medication reconciliation.** "Medication reconciliation" means the process of identifying the most accurate list of all medications the client is taking, including the name, dosage, frequency, and route by comparing the client record to an external list of medications obtained from the client, hospital, prescriber, or other provider.

Sec. 21. Minnesota Statutes 2016, section 144A.43, subdivision 27, is amended to read:

Subd. 27. **Service ~~plan~~ agreement.** "Service ~~plan~~ agreement" means the written ~~plan~~ agreement between the client or client's representative and the temporary licensee or licensee about the services that will be provided to the client.

Sec. 22. Minnesota Statutes 2016, section 144A.43, subdivision 30, is amended to read:

Subd. 30. **Standby assistance.** "Standby assistance" means the presence of another person ~~within arm's reach to minimize the risk of injury while performing daily activities through physical intervention or cuing~~ to assist a client with an assistive task by providing cues, oversight, and minimal physical assistance.

Sec. 23. Minnesota Statutes 2016, section 144A.472, subdivision 5, is amended to read:

Subd. 5. **~~Transfers prohibited;~~ Changes in ownership.** ~~Any~~ (a) A home care license issued by the commissioner may not be transferred to another party. Before acquiring ownership of or a controlling interest in a home care provider business, a prospective ~~applicant~~ owner must apply for a new ~~temporary~~ license. A change of ownership is a transfer of operational control ~~to a different business entity~~ of the home care provider business and includes:

(1) transfer of the business to a different or new corporation;

(2) in the case of a partnership, the dissolution or termination of the partnership under chapter 323A, with the business continuing by a successor partnership or other entity;

(3) relinquishment of control of the provider to another party, including to a contract management firm that is not under the control of the owner of the business' assets;

(4) transfer of the business by a sole proprietor to another party or entity; or

(5) ~~in the case of a privately held corporation, the change in~~ transfer of ownership or control of 50 percent or more of the ~~outstanding voting stock~~ controlling interest of a home care provider business not covered by clauses (1) to (4).

(b) An employee who was employed by the previous owner of the home care provider business prior to the effective date of a change in ownership under paragraph (a), and who will be employed by the new owner in the same or a similar capacity, shall be treated as if no change in employer occurred, with respect to orientation, training, tuberculosis testing, background studies, and competency testing and training on the policies identified in subdivision 1, clause (14), and subdivision 2, if applicable.

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(c) Notwithstanding paragraph (b), a new owner of a home care provider business must ensure that employees of the provider receive and complete training and testing on any provisions of policies that differ from those of the previous owner, within 90 days after the date of the change in ownership.

Sec. 24. Minnesota Statutes 2017 Supplement, section 144A.472, subdivision 7, is amended to read:

Subd. 7. **Fees; application, change of ownership, and renewal.** (a) An initial applicant seeking temporary home care licensure must submit the following application fee to the commissioner along with a completed application:

(1) for a basic home care provider, $2,100; or

(2) for a comprehensive home care provider, $4,200.

(b) A home care provider who is filing a change of ownership as required under subdivision 5 must submit the following application fee to the commissioner, along with the documentation required for the change of ownership:

(1) for a basic home care provider, $2,100; or

(2) for a comprehensive home care provider, $4,200.

(c) For the period ending June 30, 2018, a home care provider who is seeking to renew the provider's license shall pay a fee to the commissioner based on revenues derived from the provision of home care services during the calendar year prior to the year in which the application is submitted, according to the following schedule:

License Renewal Fee

Provider Annual Revenue	**Fee**
greater than $1,500,000	$6,625
greater than $1,275,000 and no more than $1,500,000	$5,797
greater than $1,100,000 and no more than $1,275,000	$4,969
greater than $950,000 and no more than $1,100,000	$4,141
greater than $850,000 and no more than $950,000	$3,727
greater than $750,000 and no more than $850,000	$3,313
greater than $650,000 and no more than $750,000	$2,898
greater than $550,000 and no more than $650,000	$2,485
greater than $450,000 and no more than $550,000	$2,070
greater than $350,000 and no more than $450,000	$1,656
greater than $250,000 and no more than $350,000	$1,242
greater than $100,000 and no more than $250,000	$828
greater than $50,000 and no more than $100,000	$500
greater than $25,000 and no more than $50,000	$400
no more than $25,000	$200

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(d) For the period between July 1, 2018, and June 30, 2020, a home care provider who is seeking to renew the provider's license shall pay a fee to the commissioner in an amount that is ten percent higher than the applicable fee in paragraph (c). A home care provider's fee shall be based on revenues derived from the provision of home care services during the calendar year prior to the year in which the application is submitted.

(e) Beginning July 1, 2020, a home care provider who is seeking to renew the provider's license shall pay a fee to the commissioner based on revenues derived from the provision of home care services during the calendar year prior to the year in which the application is submitted, according to the following schedule:

License Renewal Fee

Provider Annual Revenue	**Fee**
greater than $1,500,000	$7,651
greater than $1,275,000 and no more than $1,500,000	$6,695
greater than $1,100,000 and no more than $1,275,000	$5,739
greater than $950,000 and no more than $1,100,000	$4,783
greater than $850,000 and no more than $950,000	$4,304
greater than $750,000 and no more than $850,000	$3,826
greater than $650,000 and no more than $750,000	$3,347
greater than $550,000 and no more than $650,000	$2,870
greater than $450,000 and no more than $550,000	$2,391
greater than $350,000 and no more than $450,000	$1,913
greater than $250,000 and no more than $350,000	$1,434
greater than $100,000 and no more than $250,000	$957
greater than $50,000 and no more than $100,000	$577
greater than $25,000 and no more than $50,000	$462
no more than $25,000	$231

(f) If requested, the home care provider shall provide the commissioner information to verify the provider's annual revenues or other information as needed, including copies of documents submitted to the Department of Revenue.

(g) At each annual renewal, a home care provider may elect to pay the highest renewal fee for its license category, and not provide annual revenue information to the commissioner.

(h) A temporary license or license applicant, or temporary licensee or licensee 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.

(i) The fee for failure to comply with the notification requirements of section 144A.473, subdivision 2, paragraph (c), is $1,000.

(j) Fees and penalties collected under this section shall be deposited in the state treasury and credited to the state government special revenue fund. All fees are nonrefundable. Fees collected under paragraphs (c), (d), and (e) are nonrefundable even if received before July 1, 2017, for temporary licenses or licenses being issued effective July 1, 2017, or later.

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Sec. 25. Minnesota Statutes 2016, section 144A.473, is amended to read:

144A.473 ISSUANCE OF TEMPORARY LICENSE AND LICENSE RENEWAL.

Subdivision 1. **Temporary license and renewal of license.** (a) The department shall review each application to determine the applicant's knowledge of and compliance with Minnesota home care regulations. Before granting a temporary license or renewing a license, the commissioner may further evaluate the applicant or licensee by requesting additional information or documentation or by conducting an on-site survey of the applicant to determine compliance with sections 144A.43 to 144A.482.

(b) Within 14 calendar days after receiving an application for a license, the commissioner shall acknowledge receipt of the application in writing. The acknowledgment must indicate whether the application appears to be complete or whether additional information is required before the application will be considered complete.

(c) Within 90 days after receiving a complete application, the commissioner shall issue a temporary license, renew the license, or deny the license.

(d) The commissioner shall issue a license that contains the home care provider's name, address, license level, expiration date of the license, and unique license number. All licenses, except for temporary licenses issued under subdivision 2, are valid for up to one year from the date of issuance.

Subd. 2. **Temporary license.** (a) For new license applicants, the commissioner shall issue a temporary license for either the basic or comprehensive home care level. A temporary license is effective for up to one year from the date of issuance, except that a temporary license may be extended according to subdivision 3. Temporary licensees must comply with sections 144A.43 to 144A.482.

(b) During the temporary license ~~year~~ period, the commissioner shall survey the temporary licensee within 90 calendar days after the commissioner is notified or has evidence that the temporary licensee is providing home care services.

(c) Within five days of beginning the provision of services, the temporary licensee must notify the commissioner that it is serving clients. The notification to the commissioner may be mailed or e-mailed to the commissioner at the address provided by the commissioner. If the temporary licensee does not provide home care services during the temporary license ~~year~~ period, then the temporary license expires at the end of the ~~year~~ period and the applicant must reapply for a temporary home care license.

(d) A temporary licensee may request a change in the level of licensure prior to being surveyed and granted a license by notifying the commissioner in writing and providing additional documentation or materials required to update or complete the changed temporary license application. The applicant must pay the difference between the application fees when changing from the basic level to the comprehensive level of licensure. No refund will be made if the provider chooses to change the license application to the basic level.

(e) If the temporary licensee notifies the commissioner that the licensee has clients within 45 days prior to the temporary license expiration, the commissioner may extend the temporary license for up to 60 days in order to allow the commissioner to complete the on-site survey required under this section and follow-up survey visits.

Subd. 3. **Temporary licensee survey.** (a) If the temporary licensee is in substantial compliance with the survey, the commissioner shall issue either a basic or comprehensive home care license. If the temporary licensee is not in substantial compliance with the survey, the commissioner shall either: (1) not issue a ~~basic or comprehensive~~ license and ~~there will be no contested hearing right under chapter 14~~ terminate the temporary license; or (2) extend the temporary license for a period not to exceed 90 days and apply conditions, as permitted under section 144A.475, subdivision 2, to the extension of a temporary license. If the temporary

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licensee is not in substantial compliance with the survey within the time period of the extension, or if the temporary licensee does not satisfy the license conditions, the commissioner may deny the license.

(b) If the temporary licensee whose basic or comprehensive license has been denied or extended with conditions disagrees with the conclusions of the commissioner, then the temporary licensee may request a reconsideration by the commissioner or commissioner's designee. The reconsideration request process must be conducted internally by the commissioner or commissioner's designee, and chapter 14 does not apply.

(c) The temporary licensee requesting reconsideration must make the request in writing and must list and describe the reasons why the temporary licensee disagrees with the decision to deny the basic or comprehensive home care license or the decision to extend the temporary license with conditions.

(d) The reconsideration request and supporting documentation must be received by the commissioner within 15 calendar days after the date the temporary licensee receives the correction order.

(e) A temporary licensee whose license is denied, is permitted to continue operating as a home care provider during the period of time when:

(1) a reconsideration request is in process;

(2) an extension of a temporary license is being negotiated;

(3) the placement of conditions on a temporary license is being negotiated; or

(4) a transfer of home care clients from the temporary licensee to a new home care provider is in process.

(f) A temporary licensee whose license is denied must comply with the requirements for notification and transfer of clients in section 144A.475, subdivision 5.

Sec. 26. Minnesota Statutes 2016, section 144A.474, subdivision 2, is amended to read:

Subd. 2. **Types of home care surveys.** (a) "Initial full survey" means the survey of a new temporary licensee conducted after the department is notified or has evidence that the temporary licensee is providing home care services to determine if the provider is in compliance with home care requirements. Initial full surveys must be completed within 14 months after the department's issuance of a temporary basic or comprehensive license.

(b) "Change in ownership survey" means a full survey of a new licensee due to a change in ownership. Change in ownership surveys must be completed within six months after the department's issuance of a new license due to a change in ownership.

(c) "Core survey" means periodic inspection of home care providers to determine ongoing compliance with the home care requirements, focusing on the essential health and safety requirements. Core surveys are available to licensed home care providers who have been licensed for three years and surveyed at least once in the past three years with the latest survey having no widespread violations beyond Level 1 as provided in subdivision 11. Providers must also not have had any substantiated licensing complaints, substantiated complaints against the agency under the Vulnerable Adults Act or Maltreatment of Minors Act, or an enforcement action as authorized in section 144A.475 in the past three years.

(1) The core survey for basic home care providers must review compliance in the following areas:

(i) reporting of maltreatment;

(ii) orientation to and implementation of the home care bill of rights;

(iii) statement of home care services;

(iv) initial evaluation of clients and initiation of services;

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(v) client review and monitoring;

(vi) service ~~plan~~ agreement implementation and changes to the service ~~plan~~ agreement;

(vii) client complaint and investigative process;

(viii) competency of unlicensed personnel; and

(ix) infection control.

(2) For comprehensive home care providers, the core survey must include everything in the basic core survey plus these areas:

(i) delegation to unlicensed personnel;

(ii) assessment, monitoring, and reassessment of clients; and

(iii) medication, treatment, and therapy management.

~~(c)~~ (d) "Full survey" means the periodic inspection of home care providers to determine ongoing compliance with the home care requirements that cover the core survey areas and all the legal requirements for home care providers. A full survey is conducted for all temporary licensees ~~and~~, for licensees that receive licenses due to an approved change in ownership, for providers who do not meet the requirements needed for a core survey, and when a surveyor identifies unacceptable client health or safety risks during a core survey. A full survey must include all the tasks identified as part of the core survey and any additional review deemed necessary by the department, including additional observation, interviewing, or records review of additional clients and staff.

~~(d)~~ (e) "Follow-up surveys" means surveys conducted to determine if a home care provider has corrected deficient issues and systems identified during a core survey, full survey, or complaint investigation. Follow-up surveys may be conducted via phone, e-mail, fax, mail, or on-site reviews. Follow-up surveys, other than complaint surveys, shall be concluded with an exit conference and written information provided on the process for requesting a reconsideration of the survey results.

~~(e)~~ (f) Upon receiving information alleging that a home care provider has violated or is currently violating a requirement of sections 144A.43 to 144A.482, the commissioner shall investigate the complaint according to sections 144A.51 to 144A.54.

Sec. 27. Minnesota Statutes 2016, section 144A.475, subdivision 1, is amended to read:

Subdivision 1. **Conditions.** (a) The commissioner may refuse to grant a temporary license, refuse to grant a license as a result of a change in ownership, refuse to renew a license, suspend or revoke a license, or impose a conditional license if the home care provider or owner or managerial official of the home care provider:

(1) is in violation of, or during the term of the license has violated, any of the requirements in sections 144A.471 to 144A.482;

(2) permits, aids, or abets the commission of any illegal act in the provision of home care;

(3) performs any act detrimental to the health, safety, and welfare of a client;

(4) obtains the license by fraud or misrepresentation;

(5) knowingly made or makes a false statement of a material fact in the application for a license or in any other record or report required by this chapter;

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(6) denies representatives of the department access to any part of the home care provider's books, records, files, or employees;

(7) interferes with or impedes a representative of the department in contacting the home care provider's clients;

(8) interferes with or impedes a representative of the department in the enforcement of this chapter or has failed to fully cooperate with an inspection, survey, or investigation by the department;

(9) destroys or makes unavailable any records or other evidence relating to the home care provider's compliance with this chapter;

(10) refuses to initiate a background study under section 144.057 or 245A.04;

(11) fails to timely pay any fines assessed by the department;

(12) violates any local, city, or township ordinance relating to home care services;

(13) has repeated incidents of personnel performing services beyond their competency level; or

(14) has operated beyond the scope of the home care provider's license level.

(b) A violation by a contractor providing the home care services of the home care provider is a violation by the home care provider.

Sec. 28. Minnesota Statutes 2016, section 144A.475, subdivision 2, is amended to read:

Subd. 2. **Terms to suspension or conditional license.** (a) A suspension or conditional license designation may include terms that must be completed or met before a suspension or conditional license designation is lifted. A conditional license designation may include restrictions or conditions that are imposed on the provider. Terms for a suspension or conditional license may include one or more of the following and the scope of each will be determined by the commissioner:

(1) requiring a consultant to review, evaluate, and make recommended changes to the home care provider's practices and submit reports to the commissioner at the cost of the home care provider;

(2) requiring supervision of the home care provider or staff practices at the cost of the home care provider by an unrelated person who has sufficient knowledge and qualifications to oversee the practices and who will submit reports to the commissioner;

(3) requiring the home care provider or employees to obtain training at the cost of the home care provider;

(4) requiring the home care provider to submit reports to the commissioner;

(5) prohibiting the home care provider from taking any new clients for a period of time; or

(6) any other action reasonably required to accomplish the purpose of this subdivision and section 144A.45, subdivision 2.

(b) A home care provider subject to this subdivision may continue operating during the period of time home care clients are being transferred to other providers.

Sec. 29. Minnesota Statutes 2016, section 144A.475, subdivision 5, is amended to read:

Subd. 5. **Plan required.** (a) The process of suspending or revoking a license must include a plan for transferring affected clients to other providers by the home care provider, which will be monitored by the commissioner. Within three business days of being notified of the final revocation or suspension action, the

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home care provider shall provide the commissioner, the lead agencies as defined in section 256B.0911, and the ombudsman for long-term care with the following information:

(1) a list of all clients, including full names and all contact information on file;

(2) a list of each client's representative or emergency contact person, including full names and all contact information on file;

(3) the location or current residence of each client;

(4) the payor sources for each client, including payor source identification numbers; and

(5) for each client, a copy of the client's service plan, and a list of the types of services being provided.

(b) The revocation or suspension notification requirement is satisfied by mailing the notice to the address in the license record. The home care provider shall cooperate with the commissioner and the lead agencies during the process of transferring care of clients to qualified providers. Within three business days of being notified of the final revocation or suspension action, the home care provider must notify and disclose to each of the home care provider's clients, or the client's representative or emergency contact persons, that the commissioner is taking action against the home care provider's license by providing a copy of the revocation or suspension notice issued by the commissioner.

(c) A home care provider subject to this subdivision may continue operating during the period of time home care clients are being transferred to other providers.

Sec. 30. Minnesota Statutes 2016, section 144A.476, subdivision 1, is amended to read:

Subdivision 1. **Prior criminal convictions; owner and managerial officials.** (a) Before the commissioner issues a temporary license, issues a license as a result of an approved change in ownership, or renews a license, an owner or managerial official is required to complete a background study under section 144.057. No person may be involved in the management, operation, or control of a home care provider if the person has been disqualified under chapter 245C. If an individual is disqualified under section 144.057 or chapter 245C, the individual may request reconsideration of the disqualification. If the individual requests reconsideration and the commissioner sets aside or rescinds the disqualification, the individual is eligible to be involved in the management, operation, or control of the provider. If an individual has a disqualification under section 245C.15, subdivision 1, and the disqualification is affirmed, the individual's disqualification is barred from a set aside, and the individual must not be involved in the management, operation, or control of the provider.

(b) For purposes of this section, owners of a home care provider subject to the background check requirement are those individuals whose ownership interest provides sufficient authority or control to affect or change decisions related to the operation of the home care provider. An owner includes a sole proprietor, a general partner, or any other individual whose individual ownership interest can affect the management and direction of the policies of the home care provider.

(c) For the purposes of this section, managerial officials subject to the background check requirement are individuals who provide direct contact as defined in section 245C.02, subdivision 11, or individuals who have the responsibility for the ongoing management or direction of the policies, services, or employees of the home care provider. Data collected under this subdivision shall be classified as private data on individuals under section 13.02, subdivision 12.

(d) The department shall not issue any license if the applicant or owner or managerial official has been unsuccessful in having a background study disqualification set aside under section 144.057 and chapter 245C; if the owner or managerial official, as an owner or managerial official of another home care provider, was substantially responsible for the other home care provider's failure to substantially comply with sections

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144A.43 to 144A.482; or if an owner that has ceased doing business, either individually or as an owner of a home care provider, was issued a correction order for failing to assist clients in violation of this chapter.

Sec. 31. Minnesota Statutes 2016, section 144A.479, subdivision 7, is amended to read:

Subd. 7. **Employee records.** The home care provider must maintain current records of each paid employee, regularly scheduled volunteers providing home care services, and of each individual contractor providing home care services. The records must include the following information:

(1) evidence of current professional licensure, registration, or certification, if licensure, registration, or certification is required by this statute or other rules;

(2) records of orientation, required annual training and infection control training, and competency evaluations;

(3) current job description, including qualifications, responsibilities, and identification of staff providing supervision;

(4) documentation of annual performance reviews which identify areas of improvement needed and training needs;

(5) for individuals providing home care services, verification that ~~required~~ any health screenings required by infection control programs established under section 144A.4798 have taken place and the dates of those screenings; and

(6) documentation of the background study as required under section 144.057.

Each employee record must be retained for at least three years after a paid employee, home care volunteer, or contractor ceases to be employed by or under contract with the home care provider. If a home care provider ceases operation, employee records must be maintained for three years.

Sec. 32. Minnesota Statutes 2016, section 144A.4791, subdivision 1, is amended to read:

Subdivision 1. **Home care bill of rights; notification to client.** (a) The home care provider shall provide the client or the client's representative a written notice of the rights under section 144A.44 before the ~~initiation of~~ date that services are first provided to that client. The provider shall make all reasonable efforts to provide notice of the rights to the client or the client's representative in a language the client or client's representative can understand.

(b) In addition to the text of the home care bill of rights in section 144A.44, subdivision 1, the notice shall also contain the following statement describing how to file a complaint with these offices.

> "If you have a complaint about the provider or the person providing your home care services, you may call, write, or visit the Office of Health Facility Complaints, Minnesota Department of Health. You may also contact the Office of Ombudsman for Long-Term Care or the Office of Ombudsman for Mental Health and Developmental Disabilities."

The statement should include the telephone number, Web site address, e-mail address, mailing address, and street address of the Office of Health Facility Complaints at the Minnesota Department of Health, the Office of the Ombudsman for Long-Term Care, and the Office of the Ombudsman for Mental Health and Developmental Disabilities. The statement should also include the home care provider's name, address, e-mail, telephone number, and name or title of the person at the provider to whom problems or complaints may be directed. It must also include a statement that the home care provider will not retaliate because of a complaint.

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(c) The home care provider shall obtain written acknowledgment of the client's receipt of the home care bill of rights or shall document why an acknowledgment cannot be obtained. The acknowledgment may be obtained from the client or the client's representative. Acknowledgment of receipt shall be retained in the client's record.

Sec. 33. Minnesota Statutes 2016, section 144A.4791, subdivision 3, is amended to read:

Subd. 3. **Statement of home care services.** Prior to the ~~initiation of~~ date that services are first provided to the client, a home care provider must provide to the client or the client's representative a written statement which identifies if the provider has a basic or comprehensive home care license, the services the provider is authorized to provide, and which services the provider cannot provide under the scope of the provider's license. The home care provider shall obtain written acknowledgment from the clients that the provider has provided the statement or must document why the provider could not obtain the acknowledgment.

Sec. 34. Minnesota Statutes 2016, section 144A.4791, subdivision 6, is amended to read:

Subd. 6. **Initiation of services.** When a provider ~~initiates~~ provides home care services ~~and~~ to a client before the individualized review or assessment by a licensed health professional or registered nurse as required in subdivisions 7 and 8 ~~has not been~~ is completed, the ~~provider~~ licensed health professional or registered nurse must complete a temporary plan ~~and agreement~~ with the client ~~for services~~ and orient staff assigned to deliver services as identified in the temporary plan.

Sec. 35. Minnesota Statutes 2016, section 144A.4791, subdivision 7, is amended to read:

Subd. 7. **Basic individualized client review and monitoring.** (a) When services being provided are basic home care services, an individualized initial review of the client's needs and preferences must be conducted at the client's residence with the client or client's representative. This initial review must be completed within 30 days after the ~~initiation of the~~ date that home care services are first provided.

(b) Client monitoring and review must be conducted as needed based on changes in the needs of the client and cannot exceed 90 days from the date of the last review. The monitoring and review may be conducted at the client's residence or through the utilization of telecommunication methods based on practice standards that meet the individual client's needs.

Sec. 36. Minnesota Statutes 2016, section 144A.4791, subdivision 8, is amended to read:

Subd. 8. **Comprehensive assessment, monitoring, and reassessment.** (a) When the services being provided are comprehensive home care services, an individualized initial assessment must be conducted in person by a registered nurse. When the services are provided by other licensed health professionals, the assessment must be conducted by the appropriate health professional. This initial assessment must be completed within five days after ~~initiation of~~ the date that home care services are first provided.

(b) Client monitoring and reassessment must be conducted in the client's home no more than 14 days after ~~initiation of~~ the date that home care services are first provided.

(c) Ongoing client monitoring and reassessment must be conducted as needed based on changes in the needs of the client and cannot exceed 90 days from the last date of the assessment. The monitoring and reassessment may be conducted at the client's residence or through the utilization of telecommunication methods based on practice standards that meet the individual client's needs.

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Sec. 37. Minnesota Statutes 2016, section 144A.4791, subdivision 9, is amended to read:

Subd. 9. **Service ~~plan~~ agreement, implementation, and revisions to service ~~plan~~ agreement.** (a) No later than 14 days after the ~~initiation of~~ date that home care services are first provided, a home care provider shall finalize a current written service ~~plan~~ agreement.

(b) The service ~~plan~~ agreement and any revisions must include a signature or other authentication by the home care provider and by the client or the client's representative documenting agreement on the services to be provided. The service ~~plan~~ agreement must be revised, if needed, based on client review or reassessment under subdivisions 7 and 8. The provider must provide information to the client about changes to the provider's fee for services and how to contact the Office of the Ombudsman for Long-Term Care.

(c) The home care provider must implement and provide all services required by the current service ~~plan~~ agreement.

(d) The service ~~plan~~ agreement and revised service ~~plan~~ agreement must be entered into the client's record, including notice of a change in a client's fees when applicable.

(e) Staff providing home care services must be informed of the current written service ~~plan~~ agreement.

(f) The service ~~plan~~ agreement must include:

(1) a description of the home care services to be provided, the fees for services, and the frequency of each service, according to the client's current review or assessment and client preferences;

(2) the identification of the staff or categories of staff who will provide the services;

(3) the schedule and methods of monitoring reviews or assessments of the client;

(4) ~~the frequency of sessions of supervision of staff and type of personnel who will supervise staff; and~~ the schedule and methods of monitoring staff providing home care services; and

(5) a contingency plan that includes:

(i) the action to be taken by the home care provider and by the client or client's representative if the scheduled service cannot be provided;

(ii) information and a method for a client or client's representative to contact the home care provider;

(iii) names and contact information of persons the client wishes to have notified in an emergency or if there is a significant adverse change in the client's condition~~, including identification of and information as to who has authority to sign for the client in an emergency~~; and

(iv) the circumstances in which emergency medical services are not to be summoned consistent with chapters 145B and 145C, and declarations made by the client under those chapters.

Sec. 38. Minnesota Statutes 2016, section 144A.4792, subdivision 1, is amended to read:

Subdivision 1. **Medication management services; comprehensive home care license.** (a) This subdivision applies only to home care providers with a comprehensive home care license that provide medication management services to clients. Medication management services may not be provided by a home care provider who has a basic home care license.

(b) A comprehensive home care provider who provides medication management services must develop, implement, and maintain current written medication management policies and procedures. The policies and procedures must be developed under the supervision and direction of a registered nurse, licensed health professional, or pharmacist consistent with current practice standards and guidelines.

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(c) The written policies and procedures must address requesting and receiving prescriptions for medications; preparing and giving medications; verifying that prescription drugs are administered as prescribed; documenting medication management activities; controlling and storing medications; monitoring and evaluating medication use; resolving medication errors; communicating with the prescriber, pharmacist, and client and client representative, if any; disposing of unused medications; and educating clients and client representatives about medications. When controlled substances are being managed, stored, and secured by the comprehensive home care provider, the policies and procedures must also identify how the provider will ensure security and accountability for the overall management, control, and disposition of those substances in compliance with state and federal regulations and with subdivision 22.

Sec. 39. Minnesota Statutes 2016, section 144A.4792, subdivision 2, is amended to read:

Subd. 2. **Provision of medication management services.** (a) For each client who requests medication management services, the comprehensive home care provider shall, prior to providing medication management services, have a registered nurse, licensed health professional, or authorized prescriber under section 151.37 conduct an assessment to determine what medication management services will be provided and how the services will be provided. This assessment must be conducted face-to-face with the client. The assessment must include an identification and review of all medications the client is known to be taking. The review and identification must include indications for medications, side effects, contraindications, allergic or adverse reactions, and actions to address these issues.

(b) The assessment must:

(1) identify interventions needed in management of medications to prevent diversion of medication by the client or others who may have access to the medications.; and

(2) provide instructions to the client or client's representative on interventions to manage the client's medications and prevent diversion of medications.

"Diversion of medications" means the misuse, theft, or illegal or improper disposition of medications.

Sec. 40. Minnesota Statutes 2016, section 144A.4792, subdivision 5, is amended to read:

Subd. 5. **Individualized medication management plan.** (a) For each client receiving medication management services, the comprehensive home care provider must prepare and include in the service ~~plan~~ agreement a written statement of the medication management services that will be provided to the client. The provider must develop and maintain a current individualized medication management record for each client based on the client's assessment that must contain the following:

(1) a statement describing the medication management services that will be provided;

(2) a description of storage of medications based on the client's needs and preferences, risk of diversion, and consistent with the manufacturer's directions;

(3) documentation of specific client instructions relating to the administration of medications;

(4) identification of persons responsible for monitoring medication supplies and ensuring that medication refills are ordered on a timely basis;

(5) identification of medication management tasks that may be delegated to unlicensed personnel;

(6) procedures for staff notifying a registered nurse or appropriate licensed health professional when a problem arises with medication management services; and

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(7) any client-specific requirements relating to documenting medication administration, verifications that all medications are administered as prescribed, and monitoring of medication use to prevent possible complications or adverse reactions.

(b) The medication management record must be current and updated when there are any changes.

(c) Medication reconciliation must be completed when a licensed nurse, licensed health professional, or authorized prescriber is providing medication management.

Sec. 41. Minnesota Statutes 2016, section 144A.4792, subdivision 10, is amended to read:

Subd. 10. **Medication management for clients who will be away from home.** (a) A home care provider who is providing medication management services to the client and controls the client's access to the medications must develop and implement policies and procedures for giving accurate and current medications to clients for planned or unplanned times away from home according to the client's individualized medication management plan. The policy and procedures must state that:

(1) for planned time away, the medications must be obtained from the pharmacy or set up by ~~the registered~~ a licensed nurse according to appropriate state and federal laws and nursing standards of practice;

(2) for unplanned time away, when the pharmacy is not able to provide the medications, a licensed nurse or unlicensed personnel shall give the client or client's representative medications in amounts and dosages needed for the length of the anticipated absence, not to exceed ~~120 hours~~ seven calendar days;

(3) the client or client's representative must be provided written information on medications, including any special instructions for administering or handling the medications, including controlled substances;

(4) the medications must be placed in a medication container or containers appropriate to the provider's medication system and must be labeled with the client's name and the dates and times that the medications are scheduled; and

(5) the client or client's representative must be provided in writing the home care provider's name and information on how to contact the home care provider.

(b) For unplanned time away when the licensed nurse is not available, the registered nurse may delegate this task to unlicensed personnel if:

(1) the registered nurse has trained the unlicensed staff and determined the unlicensed staff is competent to follow the procedures for giving medications to clients; and

(2) the registered nurse has developed written procedures for the unlicensed personnel, including any special instructions or procedures regarding controlled substances that are prescribed for the client. The procedures must address:

(i) the type of container or containers to be used for the medications appropriate to the provider's medication system;

(ii) how the container or containers must be labeled;

(iii) the written information about the medications to be given to the client or client's representative;

(iv) how the unlicensed staff must document in the client's record that medications have been given to the client or the client's representative, including documenting the date the medications were given to the client or the client's representative and who received the medications, the person who gave the medications to the client, the number of medications that were given to the client, and other required information;

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(v) how the registered nurse shall be notified that medications have been given to the client or client's representative and whether the registered nurse needs to be contacted before the medications are given to the client or the client's representative; ~~and~~

(vi) a review by the registered nurse of the completion of this task to verify that this task was completed accurately by the unlicensed personnel~~.~~; and

(vii) how the unlicensed staff must document in the client's record any unused medications that are returned to the provider, including the name of each medication and the doses of each returned medication.

Sec. 42. Minnesota Statutes 2016, section 144A.4793, subdivision 6, is amended to read:

Subd. 6. **Treatment and therapy orders ~~or prescriptions~~.** There must be an up-to-date written or electronically recorded order ~~or prescription~~ from an authorized prescriber for all treatments and therapies. The order must contain the name of the client, a description of the treatment or therapy to be provided, and the frequency, duration, and other information needed to administer the treatment or therapy. Treatment and therapy orders must be renewed at least every 12 months.

Sec. 43. Minnesota Statutes 2017 Supplement, section 144A.4796, subdivision 2, is amended to read:

Subd. 2. **Content.** (a) The orientation must contain the following topics:

(1) an overview of sections 144A.43 to 144A.4798;

(2) introduction and review of all the provider's policies and procedures related to the provision of home care services by the individual staff person;

(3) handling of emergencies and use of emergency services;

(4) compliance with and reporting of the maltreatment of minors or vulnerable adults under sections 626.556 and 626.557;

(5) home care bill of rights under section 144A.44;

(6) handling of clients' complaints, reporting of complaints, and where to report complaints including information on the Office of Health Facility Complaints and the Common Entry Point;

(7) consumer advocacy services of the Office of Ombudsman for Long-Term Care, Office of Ombudsman for Mental Health and Developmental Disabilities, Managed Care Ombudsman at the Department of Human Services, county managed care advocates, or other relevant advocacy services; and

(8) review of the types of home care services the employee will be providing and the provider's scope of licensure.

(b) In addition to the topics listed in paragraph (a), orientation may also contain training on providing services to clients with hearing loss. Any training on hearing loss provided under this subdivision must be high quality and research-based, may include online training, and must include training on one or more of the following topics:

(1) an explanation of age-related hearing loss and how it manifests itself, its prevalence, and challenges it poses to communication;

(2) health impacts related to untreated age-related hearing loss, such as increased incidence of dementia, falls, hospitalizations, isolation, and depression; or

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(3) information about strategies and technology that may enhance communication and involvement, including communication strategies, assistive listening devices, hearing aids, visual and tactile alerting devices, communication access in real time, and closed captions.

Sec. 44. Minnesota Statutes 2016, section 144A.4797, subdivision 3, is amended to read:

Subd. 3. **Supervision of staff providing delegated nursing or therapy home care tasks.** (a) Staff who perform delegated nursing or therapy home care tasks must be supervised by an appropriate licensed health professional or a registered nurse periodically where the services are being provided to verify that the work is being performed competently and to identify problems and solutions related to the staff person's ability to perform the tasks. Supervision of staff performing medication or treatment administration shall be provided by a registered nurse or appropriate licensed health professional and must include observation of the staff administering the medication or treatment and the interaction with the client.

(b) The direct supervision of staff performing delegated tasks must be provided within 30 days after the date on which the individual begins working for the home care provider and first performs delegated tasks for clients and thereafter as needed based on performance. This requirement also applies to staff who have not performed delegated tasks for one year or longer.

Sec. 45. Minnesota Statutes 2016, section 144A.4798, is amended to read:

144A.4798 ~~EMPLOYEE HEALTH STATUS~~ DISEASE PREVENTION AND INFECTION CONTROL.

Subdivision 1. **Tuberculosis (TB) ~~prevention and~~ infection control.** (a) A home care provider must establish and maintain a ~~TB prevention and~~ comprehensive tuberculosis infection control program ~~based on~~ according to the most current tuberculosis infection control guidelines issued by the United States Centers for Disease Control and Prevention (CDC), Division of Tuberculosis Elimination, as published in the CDC's Morbidity and Mortality Weekly Report. ~~Components of a TB prevention and control program include screening all staff providing home care services, both paid and unpaid, at the time of hire for active TB disease and latent TB infection, and developing and implementing a written TB infection control plan. The commissioner shall make the most recent CDC standards available to home care providers on the department's Web site.~~ This program must include a tuberculosis infection control plan that covers all paid and unpaid employees, contractors, students, and volunteers. The commissioner shall provide technical assistance regarding implementation of the guidelines.

(b) Written evidence of compliance with this subdivision must be maintained by the home care provider.

Subd. 2. **Communicable diseases.** A home care provider must follow current ~~federal or state guidelines~~ state requirements for prevention, control, and reporting of ~~human immunodeficiency virus (HIV), hepatitis B virus (HBV), hepatitis C virus, or other~~ communicable diseases as defined in Minnesota Rules, ~~part~~ parts 4605.7040, 4605.7044, 4605.7050, 4605.7075, 4605.7080, and 4605.7090.

Subd. 3. **Infection control program.** A home care provider must establish and maintain an effective infection control program that complies with accepted health care, medical, and nursing standards for infection control.

Sec. 46. Minnesota Statutes 2016, section 144A.4799, subdivision 1, is amended to read:

Subdivision 1. **Membership.** The commissioner of health shall appoint eight persons to a home care and assisted living program advisory council consisting of the following:

(1) three public members as defined in section 214.02 who shall be ~~either~~ persons who are currently receiving home care services ~~or~~, persons who have received home care services within five years of the

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application date, persons who have family members receiving home care services, or persons who have family members who have received home care services within five years of the application date;

(2) three Minnesota home care licensees representing basic and comprehensive levels of licensure who may be a managerial official, an administrator, a supervising registered nurse, or an unlicensed personnel performing home care tasks;

(3) one member representing the Minnesota Board of Nursing; and

(4) one member representing the Office of Ombudsman for Long-Term Care.

Sec. 47. Minnesota Statutes 2017 Supplement, section 144A.4799, subdivision 3, is amended to read:

Subd. 3. **Duties.** (a) At the commissioner's request, the advisory council shall provide advice regarding regulations of Department of Health licensed home care providers in this chapter, including advice on the following:

(1) community standards for home care practices;

(2) enforcement of licensing standards and whether certain disciplinary actions are appropriate;

(3) ways of distributing information to licensees and consumers of home care;

(4) training standards;

(5) identifying emerging issues and opportunities in ~~the~~ home care ~~field, including~~ and assisted living;

(6) identifying the use of technology in home and telehealth capabilities;

~~(6)~~ (7) allowable home care licensing modifications and exemptions, including a method for an integrated license with an existing license for rural licensed nursing homes to provide limited home care services in an adjacent independent living apartment building owned by the licensed nursing home; and

~~(7)~~ (8) recommendations for studies using the data in section 62U.04, subdivision 4, including but not limited to studies concerning costs related to dementia and chronic disease among an elderly population over 60 and additional long-term care costs, as described in section 62U.10, subdivision 6.

(b) The advisory council shall perform other duties as directed by the commissioner.

(c) The advisory council shall annually review the balance of the account in the state government special revenue fund described in section 144A.474, subdivision 11, paragraph (i), and make annual recommendations by January 15 directly to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services regarding appropriations to the commissioner for the purposes in section 144A.474, subdivision 11, paragraph (i).

Sec. 48. Minnesota Statutes 2016, section 144A.484, subdivision 1, is amended to read:

Subdivision 1. **Integrated licensing established.** ~~(a) From January 1, 2014, to June 30, 2015, the commissioner of health shall enforce the home and community-based services standards under chapter 245D for those providers who also have a home care license pursuant to this chapter as required under Laws 2013, chapter 108, article 8, section 60, and article 11, section 31. During this period, the commissioner shall provide technical assistance to achieve and maintain compliance with applicable law or rules governing the provision of home and community-based services, including complying with the service recipient rights notice in subdivision 4, clause (4). If during the survey, the commissioner finds that the licensee has failed to achieve compliance with an applicable law or rule under chapter 245D and this failure does not imminently endanger the health, safety, or rights of the persons served by the program, the commissioner may issue a licensing survey report with recommendations for achieving and maintaining compliance.~~

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~~(b) Beginning July 1, 2015,~~ A home care provider applicant or license holder may apply to the commissioner of health for a home and community-based services designation for the provision of basic support services identified under section 245D.03, subdivision 1, paragraph (b). The designation allows the license holder to provide basic support services that would otherwise require licensure under chapter 245D, under the license holder's home care license governed by sections 144A.43 to ~~144A.481~~ 144A.4799.

Sec. 49. Minnesota Statutes 2016, section 145.56, subdivision 2, is amended to read:

Subd. 2. **Community-based programs.** To the extent funds are appropriated for the purposes of this subdivision, the commissioner shall establish a grant program to fund:

(1) community-based programs to provide education, outreach, and advocacy services to populations who may be at risk for suicide;

(2) community-based programs that educate community helpers and gatekeepers, such as family members, spiritual leaders, coaches, and business owners, employers, and coworkers on how to prevent suicide by encouraging help-seeking behaviors;

(3) community-based programs that educate populations at risk for suicide and community helpers and gatekeepers that must include information on the symptoms of depression and other psychiatric illnesses, the warning signs of suicide, skills for preventing suicides, and making or seeking effective referrals to intervention and community resources;

(4) community-based programs to provide evidence-based suicide prevention and intervention education to school staff, parents, and students in grades kindergarten through 12, and for students attending Minnesota colleges and universities;

(5) community-based programs to provide evidence-based suicide prevention and intervention to public school nurses, teachers, administrators, coaches, school social workers, peace officers, firefighters, emergency medical technicians, advanced emergency medical technicians, paramedics, primary care providers, and others; ~~and~~

(6) community-based, evidence-based postvention training to mental health professionals and practitioners in order to provide technical assistance to communities after a suicide and to prevent suicide clusters and contagion; and

(7) a nonprofit organization to provide crisis telephone counseling services across the state to people in suicidal crisis or emotional distress, 24 hours a day, seven days a week, 365 days a year.

Sec. 50. Minnesota Statutes 2016, section 146B.03, is amended by adding a subdivision to read:

Subd. 7a. **Supervisors.** (a) A technician must have been licensed in Minnesota or in a jurisdiction with which Minnesota has reciprocity for at least:

(1) two years as a tattoo technician in order to supervise a temporary tattoo technician; or

(2) one year as a body piercing technician in order to supervise a temporary body piercing technician.

(b) Any technician who agrees to supervise more than two temporary tattoo technicians during the same time period, or more than four body piercing technicians during the same time period, must provide to the commissioner a supervisory plan that describes how the technician will provide supervision to each temporary technician in accordance with section 146B.01, subdivision 28.

(c) The commissioner may refuse to approve as a supervisor a technician who has been disciplined in Minnesota or in another jurisdiction after considering the criteria in section 146B.02, subdivision 10, paragraph (b).

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Sec. 51. Minnesota Statutes 2016, section 149A.40, subdivision 11, is amended to read:

Subd. 11. **Continuing education.** The commissioner shall require 15 continuing education hours for renewal of a license to practice mortuary science. Nine of the hours must be in the following areas: body preparation, care, ~~or~~ handling, and cremation, 3 CE hours; professional practices, 3 CE hours; and regulation and ethics, 3 CE hours. Continuing education hours shall be reported to the commissioner every other year based on the licensee's license number. Licensees whose license ends in an odd number must report CE hours at renewal time every odd year. If a licensee's license ends in an even number, the licensee must report the licensee's CE hours at renewal time every even year.

EFFECTIVE DATE. This section is effective January 1, 2019, and applies to mortuary science license renewals on or after that date.

Sec. 52. Minnesota Statutes 2016, section 149A.95, subdivision 3, is amended to read:

Subd. 3. **Unlicensed personnel.** (a) A licensed crematory may employ unlicensed personnel, provided that all applicable provisions of this chapter are followed. It is the duty of the licensed crematory to provide proper training ~~for~~ to all unlicensed personnel and ensure that unlicensed personnel performing cremations are in compliance with the requirements in paragraph (b). The licensed crematory shall be strictly accountable for compliance with this chapter and other applicable state and federal regulations regarding occupational and workplace health and safety.

(b) Unlicensed personnel performing cremations at a licensed crematory must:

(1) complete a certified crematory operator course that is approved by the commissioner and that covers at least the following subjects:

(i) cremation and incinerator terminology;

(ii) combustion principles;

(iii) maintenance of and troubleshooting for cremation devices;

(iv) how to operate cremation devices;

(v) identification, the use of proper forms, and the record-keeping process for documenting chain of custody of human remains;

(vi) guidelines for recycling, including but not limited to compliance, disclosure, recycling procedures, and compensation;

(vii) legal and regulatory requirements regarding environmental issues, including specific environmental regulations with which compliance is required; and

(viii) cremation ethics;

(2) obtain a crematory operator certification;

(3) publicly post the crematory operator certification at the licensed crematory where the unlicensed personnel performs cremations; and

(4) maintain crematory operator certification through:

(i) recertification, if such recertification is required by the program through which the unlicensed personnel is certified; or

(ii) if recertification is not required by the program, completion of at least seven hours of continuing education credits in crematory operation every five years.

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EFFECTIVE DATE. This section is effective January 1, 2019, and applies to unlicensed personnel performing cremations on or after that date.

Sec. 53. **AUTISM SPECTRUM DISORDER TASK FORCE PLAN.**

The commissioner of health, in consultation with the commissioners of human services and education, shall submit a plan to the chairs and ranking minority members of the legislative committees with jurisdiction over health care, human services, and education by January 15, 2019, to reconstitute the Autism Spectrum Disorder Task Force originally established in 2011. The plan must include proposed membership of the task force that takes into consideration all points of view and represents a diverse range of agencies, community groups, advocacy organizations, educators, and families.

Sec. 54. **VARIANCE TO REQUIREMENT FOR SANITARY DUMPING STATION.**

Notwithstanding any law or rule to the contrary, the commissioner of health shall provide a variance to the requirement to provide a sanitary dumping station under Minnesota Rules, part 4630.0900, for a resort in Hubbard County that is located on an island and is landlocked, making it impractical to build a sanitary dumping station for use by recreational camping vehicles and recreational camping on the resort property. There must be an alternative dumping station available within a 15-mile radius of the resort or a vendor that is available to pump any self-contained liquid waste system that is located on the resort property.

Sec. 55. **DIRECTION TO COMMISSIONER OF HEALTH; STRATEGIC PLAN REGARDING CMV.**

The commissioner of health, in consultation with interested stakeholders and families of children diagnosed with human herpesvirus cytomegalovirus (CMV), shall develop a strategic state plan outlining strategies for:

(1) providing information about CMV to health care practitioners;

(2) providing information about CMV to women who may become pregnant, to expectant parents, and to parents of infants; and

(3) identifying resources and necessary follow-up for children born with congenital CMV, and their families.

Sec. 56. **LEGISLATIVE COMMISSION ON DATA PRACTICES; HEALTH RECORDS ACT STUDY AND RECOMMENDATIONS.**

(a) The Legislative Commission on Data Practices and Personal Data Privacy must study the Minnesota Health Records Act and make recommendations regarding amendments to Minnesota Statutes, sections 144.291 to 144.298, for improving coordinated health care in Minnesota.

(b) The study and recommendations should consider:

(1) current laws, rules, practices, and experiences of health care consumers, providers, and payers, both public and private, in the state of Minnesota with respect to access to health records and coordination of health care;

(2) the experiences of other states with statutes conforming to the federal Health Insurance Portability and Accountability Act (HIPAA);

(3) the potential benefits and risks to consumer data privacy if the state of Minnesota conforms to HIPAA standards; and

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(4) the potential benefits and risks to health care providers and payers, both public and private, if the state of Minnesota conforms to HIPAA standards.

(c) The commission must submit a report and recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over data practices and health care by January 15, 2019.

Sec. 57. **REVISOR'S INSTRUCTIONS.**

(a) The revisor of statutes shall change the terms "service plan or service agreement" and "service agreement or service plan" to "service agreement" in the following sections of Minnesota Statutes: sections 144A.442; 144D.045; 144G.03, subdivision 4, paragraph (c); and 144G.04.

(b) The revisor of statutes shall change the term "service plan" to "service agreement" and the term "service plans" to "service agreements" in the following sections of Minnesota Statutes: sections 144A.44; 144A.45; 144A.475; 144A.4791; 144A.4792; 144A.4793; 144A.4794; 144D.04; and 144G.03, subdivision 4, paragraph (a).

Sec. 58. **REPEALER.**

(a) Minnesota Statutes 2016, sections 144A.45, subdivision 6; and 144A.481, are repealed.

(b) Minnesota Statutes 2017 Supplement, section 146B.02, subdivision 7a, is repealed.

ARTICLE 36

HEALTH COVERAGE

Section 1. Minnesota Statutes 2016, section 62A.30, is amended by adding a subdivision to read:

Subd. 4. **Mammograms.** (a) For purposes of subdivision 2, coverage for a preventive mammogram screening shall include digital breast tomosynthesis for enrollees at risk for breast cancer, and shall be covered as a preventive item or service, as described under section 62Q.46.

(b) For purposes of this subdivision, "digital breast tomosynthesis" means a radiologic procedure that involves the acquisition of projection images over the stationary breast to produce cross-sectional digital three-dimensional images of the breast. "At risk for breast cancer" means:

(1) having a family history with one or more first- or second-degree relatives with breast cancer;

(2) testing positive for BRCA1 or BRCA2 mutations;

(3) having heterogeneously dense breasts or extremely dense breasts based on the Breast Imaging Reporting and Data System established by the American College of Radiology; or

(4) having a previous diagnosis of breast cancer.

(c) This subdivision does not apply to coverage provided through a public health care program under chapter 256B or 256L.

(d) Nothing in this subdivision limits the coverage of digital breast tomosynthesis in a policy, plan, certificate, or contract referred to in subdivision 1 that is in effect prior to January 1, 2019.

(e) Nothing in this subdivision prohibits a policy, plan, certificate, or contract referred to in subdivision 1 from covering digital breast tomosynthesis for an enrollee who is not at risk for breast cancer.

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EFFECTIVE DATE. This section is effective January 1, 2019, and applies to health plans issued, sold, or renewed on or after that date.

Sec. 2. **[62J.824] FACILITY FEE DISCLOSURE.**

(a) Prior to the delivery of nonemergency services, a provider-based clinic that charges a facility fee shall provide notice to any patient stating that the clinic is part of a hospital and the patient may receive a separate charge or billing for the facility component, which may result in a higher out-of-pocket expense.

(b) Each health care facility must post prominently in locations easily accessible to and visible by patients, including its Web site, a statement that the provider-based clinic is part of a hospital and the patient may receive a separate charge or billing for the facility, which may result in a higher out-of-pocket expense.

(c) This section does not apply to laboratory services, imaging services, or other ancillary health services that are provided by staff who are not employed by the health care facility or clinic.

(d) For purposes of this section:

(1) "facility fee" means any separate charge or billing by a provider-based clinic in addition to a professional fee for physicians' services that is intended to cover building, electronic medical records systems, billing, and other administrative and operational expenses; and

(2) "provider-based clinic" means the site of an off-campus clinic or provider office located at least 250 yards from the main hospital buildings or as determined by the Centers for Medicare and Medicaid Services, that is owned by a hospital licensed under chapter 144 or a health system that operates one or more hospitals licensed under chapter 144, and is primarily engaged in providing diagnostic and therapeutic care, including medical history, physical examinations, assessment of health status, and treatment monitoring. This definition does not include clinics that are exclusively providing laboratory, x-ray, testing, therapy, pharmacy, or educational services and does not include facilities designated as rural health clinics.

Sec. 3. **[62Q.48] POINT OF SALE ALLOWABLE COST.**

(a) No health plan company or pharmacy benefits manager shall require an enrollee to make a payment at the point of sale for a prescription drug that is covered under the enrollee's health plan in an amount greater than the allowable cost to consumers.

(b) For purposes of this section:

(1) "allowable cost to consumers" means the lowest of:

(i) the applicable co-payment for the prescription drug under the enrollee's health plan; or

(ii) the amount an individual would pay for the prescription drug if the individual purchased the prescription drug without using a health plan benefit; and

(2) "pharmacy benefit manager" has the meaning provided in section 151.71, subdivision 1.

Sec. 4. Minnesota Statutes 2016, section 151.214, subdivision 2, is amended to read:

Subd. 2. **No prohibition on disclosure.** No contracting agreement between an employer-sponsored health plan or health plan company, or its contracted pharmacy benefit manager, and a resident or nonresident pharmacy ~~registered~~ licensed under this chapter, may prohibit ~~the~~:

(1) a pharmacy from disclosing to patients information a pharmacy is required or given the option to provide under subdivision 1; or

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(2) a pharmacist from informing a patient when the amount the patient is required to pay under the patient's health plan for a particular drug is greater than the amount the patient would be required to pay for the same drug if purchased out-of-pocket at the pharmacy's usual and customary price.

Sec. 5. **[151.555] PRESCRIPTION DRUG REPOSITORY PROGRAM.**

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

(b) "Central repository" means a wholesale distributor that meets the requirements under subdivision 3 and enters into a contract with the Board of Pharmacy in accordance with this section.

(c) "Distribute" means to deliver, other than by administering or dispensing.

(d) "Donor" means:

(1) a health care facility as defined in this subdivision;

(2) a skilled nursing facility licensed under chapter 144A;

(3) an assisted living facility registered under chapter 144D where there is centralized storage of drugs and 24-hour on-site licensed nursing coverage provided seven days a week;

(4) a pharmacy licensed under section 151.19, and located either in the state or outside the state;

(5) a drug wholesaler licensed under section 151.47; or

(6) a drug manufacturer licensed under section 151.252.

(e) "Drug" means any prescription drug that has been approved for medical use in the United States, is listed in the United States Pharmacopoeia or National Formulary, and meets the criteria established under this section for donation. This definition includes cancer drugs and antirejection drugs, but does not include controlled substances, as defined in section 152.01, subdivision 4, or a prescription drug that can only be dispensed to a patient registered with the drug's manufacturer in accordance with federal Food and Drug Administration requirements.

(f) "Health care facility" means:

(1) a physician's office or health care clinic where licensed practitioners provide health care to patients;

(2) a hospital licensed under section 144.50;

(3) a pharmacy licensed under section 151.19 and located in Minnesota; or

(4) a nonprofit community clinic, including a federally qualified health center; a rural health clinic; public health clinic; or other community clinic that provides health care utilizing a sliding fee scale to patients who are low-income, uninsured, or underinsured.

(g) "Local repository" means a health care facility that elects to accept donated drugs and medical supplies and meets the requirements of subdivision 4.

(h) "Medical supplies" or "supplies" means any prescription and nonprescription medical supply needed to administer a prescription drug.

(i) "Original, sealed, unopened, tamper-evident packaging" means packaging that is sealed, unopened, and tamper-evident, including a manufacturer's original unit dose or unit-of-use container, a repackager's original unit dose or unit-of-use container, or unit-dose packaging prepared by a licensed pharmacy according to the standards of Minnesota Rules, part 6800.3750.

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(j) "Practitioner" has the meaning given in section 151.01, subdivision 23, except that it does not include a veterinarian.

Subd. 2. **Establishment.** By January 1, 2019, the Board of Pharmacy shall establish a drug repository program, through which donors may donate a drug or medical supply for use by an individual who meets the eligibility criteria specified under subdivision 5. The board shall contract with a central repository that meets the requirements of subdivision 3 to implement and administer the prescription drug repository program.

Subd. 3. **Central repository requirements.** (a) The board shall publish a request for proposal for participants who meet the requirements of this subdivision and are interested in acting as the central repository for the drug repository program. The board shall follow all applicable state procurement procedures in the selection process.

(b) To be eligible to act as the central repository, the participant must be a wholesale drug distributor located in Minnesota, licensed pursuant to section 151.47, and in compliance with all applicable federal and state statutes, rules, and regulations.

(c) The central repository shall be subject to inspection by the board pursuant to section 151.06, subdivision 1.

Subd. 4. **Local repository requirements.** (a) To be eligible for participation in the drug repository program, a health care facility must agree to comply with all applicable federal and state laws, rules, and regulations pertaining to the drug repository program, drug storage, and dispensing. The facility must also agree to maintain in good standing any required state license or registration that may apply to the facility.

(b) A local repository may elect to participate in the program by submitting the following information to the central repository on a form developed by the board and made available on the board's Web site:

(1) the name, street address, and telephone number of the health care facility and any state-issued license or registration number issued to the facility, including the issuing state agency;

(2) the name and telephone number of a responsible pharmacist or practitioner who is employed by or under contract with the health care facility; and

(3) a statement signed and dated by the responsible pharmacist or practitioner indicating that the health care facility meets the eligibility requirements under this section and agrees to comply with this section.

(c) Participation in the drug repository program is voluntary. A local repository may withdraw from participation in the drug repository program at any time by providing written notice to the central repository on a form developed by the board and made available on the board's Web site. The central repository shall provide the board with a copy of the withdrawal notice within ten business days from the date of receipt of the withdrawal notice.

Subd. 5. **Individual eligibility and application requirements.** (a) To be eligible for the drug repository program, an individual must submit to a local repository an intake application form that is signed by the individual and attests that the individual:

(1) is a resident of Minnesota;

(2) is uninsured, has no prescription drug coverage, or is underinsured;

(3) acknowledges that the drugs or medical supplies to be received through the program may have been donated; and

(4) consents to a waiver of the child-resistant packaging requirements of the federal Poison Prevention Packaging Act.

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(b) Upon determining that an individual is eligible for the program, the local repository shall furnish the individual with an identification card. The card shall be valid for one year from the date of issuance and may be used at any local repository. A new identification card may be issued upon expiration once the individual submits a new application form.

(c) The local repository shall send a copy of the intake application form to the central repository by regular mail, facsimile, or secured e-mail within ten days from the date the application is approved by the local repository.

(d) The board shall develop and make available on the board's Web site an application form and the format for the identification card.

Subd. 6. **Standards and procedures for accepting donations of drugs and supplies.** (a) A donor may donate prescription drugs or medical supplies to the central repository or a local repository if the drug or supply meets the requirements of this section as determined by a pharmacist or practitioner who is employed by or under contract with the central repository or a local repository.

(b) A prescription drug is eligible for donation under the drug repository program if the following requirements are met:

(1) the donation is accompanied by a drug repository donor form described under paragraph (d) that is signed by an individual who is authorized by the donor to attest to the donor's knowledge in accordance with paragraph (d);

(2) the drug's expiration date is at least six months after the date the drug was donated. If a donated drug bears an expiration date that is less than six months from the donation date, the drug may be accepted and distributed if the drug is in high demand and can be dispensed for use by a patient before the drug's expiration date;

(3) the drug is in its original, sealed, unopened, tamper-evident packaging that includes the expiration date. Single-unit-dose drugs may be accepted if the single-unit-dose packaging is unopened;

(4) the drug or the packaging does not have any physical signs of tampering, misbranding, deterioration, compromised integrity, or adulteration;

(5) the drug does not require storage temperatures other than normal room temperature as specified by the manufacturer or United States Pharmacopoeia, unless the drug is being donated directly by its manufacturer, a wholesale drug distributor, or a pharmacy located in Minnesota; and

(6) the prescription drug is not a controlled substance.

(c) A medical supply is eligible for donation under the drug repository program if the following requirements are met:

(1) the supply has no physical signs of tampering, misbranding, or alteration and there is no reason to believe it has been adulterated, tampered with, or misbranded;

(2) the supply is in its original, unopened, sealed packaging;

(3) the donation is accompanied by a drug repository donor form described under paragraph (d) that is signed by an individual who is authorized by the donor to attest to the donor's knowledge in accordance with paragraph (d); and

(4) if the supply bears an expiration date, the date is at least six months later than the date the supply was donated. If the donated supply bears an expiration date that is less than six months from the date the supply was donated, the supply may be accepted and distributed if the supply is in high demand and can be dispensed for use by a patient before the supply's expiration date.

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(d) The board shall develop the drug repository donor form and make it available on the board's Web site. The form must state that to the best of the donor's knowledge the donated drug or supply has been properly stored and that the drug or supply has never been opened, used, tampered with, adulterated, or misbranded.

(e) Donated drugs and supplies may be shipped or delivered to the premises of the central repository or a local repository, and shall be inspected by a pharmacist or an authorized practitioner who is employed by or under contract with the repository and who has been designated by the repository to accept donations. A drop box must not be used to deliver or accept donations.

(f) The central repository and local repository shall inventory all drugs and supplies donated to the repository. For each drug, the inventory must include the drug's name, strength, quantity, manufacturer, expiration date, and the date the drug was donated. For each medical supply, the inventory must include a description of the supply, its manufacturer, the date the supply was donated, and, if applicable, the supply's brand name and expiration date.

Subd. 7. **Standards and procedures for inspecting and storing donated prescription drugs and supplies.** (a) A pharmacist or authorized practitioner who is employed by or under contract with the central repository or a local repository shall inspect all donated prescription drugs and supplies to determine, to the extent reasonably possible in the professional judgment of the pharmacist or practitioner, that the drug or supply is not adulterated or misbranded, has not been tampered with, is safe and suitable for dispensing, and meets the requirements for donation. The pharmacist or practitioner who inspects the drugs or supplies shall sign an inspection record stating that the requirements for donation have been met. If a local repository receives drugs and supplies from the central repository, the local repository does not need to reinspect the drugs and supplies.

(b) The central repository and local repositories shall store donated drugs and supplies in a secure storage area under environmental conditions appropriate for the drug or supply being stored. Donated drugs and supplies may not be stored with nondonated inventory. If donated drugs or supplies are not inspected immediately upon receipt, a repository must quarantine the donated drugs or supplies separately from all dispensing stock until the donated drugs or supplies have been inspected and approved for dispensing under the program.

(c) The central repository and local repositories shall dispose of all prescription drugs and medical supplies that are not suitable for donation in compliance with applicable federal and state statutes, regulations, and rules concerning hazardous waste.

(d) In the event that controlled substances or prescription drugs that can only be dispensed to a patient registered with the drug's manufacturer are shipped or delivered to a central or local repository for donation, the shipment delivery must be documented by the repository and returned immediately to the donor or the donor's representative that provided the drugs.

(e) Each repository must develop drug and medical supply recall policies and procedures. If a repository receives a recall notification, the repository shall destroy all of the drug or medical supply in its inventory that is the subject of the recall and complete a record of destruction form in accordance with paragraph (f). If a drug or medical supply that is the subject of a Class I or Class II recall has been dispensed, the repository shall immediately notify the recipient of the recalled drug or medical supply. A drug that potentially is subject to a recall need not be destroyed if its packaging bears a lot number and that lot of the drug is not subject to the recall. If no lot number is on the drug's packaging, it must be destroyed.

(f) A record of destruction of donated drugs and supplies that are not dispensed under subdivision 8, are subject to a recall under paragraph (e), or are not suitable for donation shall be maintained by the repository for at least five years. For each drug or supply destroyed, the record shall include the following information:

(1) the date of destruction;

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(2) the name, strength, and quantity of the drug destroyed; and

(3) the name of the person or firm that destroyed the drug.

Subd. 8. **Dispensing requirements.** (a) Donated drugs and supplies may be dispensed if the drugs or supplies are prescribed by a practitioner for use by an eligible individual and are dispensed by a pharmacist or practitioner. A repository shall dispense drugs and supplies to eligible individuals in the following priority order: (1) individuals who are uninsured; (2) individuals with no prescription drug coverage; and (3) individuals who are underinsured. A repository shall dispense donated prescription drugs in compliance with applicable federal and state laws and regulations for dispensing prescription drugs, including all requirements relating to packaging, labeling, record keeping, drug utilization review, and patient counseling.

(b) Before dispensing or administering a drug or supply, the pharmacist or practitioner shall visually inspect the drug or supply for adulteration, misbranding, tampering, and date of expiration. Drugs or supplies that have expired or appear upon visual inspection to be adulterated, misbranded, or tampered with in any way must not be dispensed or administered.

(c) Before a drug or supply is dispensed or administered to an individual, the individual must sign a drug repository recipient form acknowledging that the individual understands the information stated on the form. The board shall develop the form and make it available on the board's Web site. The form must include the following information:

(1) that the drug or supply being dispensed or administered has been donated and may have been previously dispensed;

(2) that a visual inspection has been conducted by the pharmacist or practitioner to ensure that the drug or supply has not expired, has not been adulterated or misbranded, and is in its original, unopened packaging; and

(3) that the dispensing pharmacist, the dispensing or administering practitioner, the central repository or local repository, the Board of Pharmacy, and any other participant of the drug repository program cannot guarantee the safety of the drug or medical supply being dispensed or administered and that the pharmacist or practitioner has determined that the drug or supply is safe to dispense or administer based on the accuracy of the donor's form submitted with the donated drug or medical supply and the visual inspection required to be performed by the pharmacist or practitioner before dispensing or administering.

Subd. 9. **Handling fees.** (a) The central or local repository may charge the individual receiving a drug or supply a handling fee of no more than 250 percent of the medical assistance program dispensing fee for each drug or medical supply dispensed or administered by that repository.

(b) A repository that dispenses or administers a drug or medical supply through the drug repository program shall not receive reimbursement under the medical assistance program or the MinnesotaCare program for that dispensed or administered drug or supply.

Subd. 10. **Distribution of donated drugs and supplies.** (a) The central repository and local repositories may distribute drugs and supplies donated under the drug repository program to other participating repositories for use pursuant to this program.

(b) A local repository that elects not to dispense donated drugs or supplies must transfer all donated drugs and supplies to the central repository. A copy of the donor form that was completed by the original donor under subdivision 6 must be provided to the central repository at the time of transfer.

Subd. 11. **Forms and record-keeping requirements.** (a) The following forms developed for the administration of this program shall be utilized by the participants of the program and shall be available on the board's Web site:

(1) intake application form described under subdivision 5;

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(2) local repository participation form described under subdivision 4;

(3) local repository withdrawal form described under subdivision 4;

(4) drug repository donor form described under subdivision 6;

(5) record of destruction form described under subdivision 7; and

(6) drug repository recipient form described under subdivision 8.

(b) All records, including drug inventory, inspection, and disposal of donated prescription drugs and medical supplies must be maintained by a repository for a minimum of five years. Records required as part of this program must be maintained pursuant to all applicable practice acts.

(c) Data collected by the drug repository program from all local repositories shall be submitted quarterly or upon request to the central repository. Data collected may consist of the information, records, and forms required to be collected under this section.

(d) The central repository shall submit reports to the board as required by the contract or upon request of the board.

Subd. 12. **Liability.** (a) The manufacturer of a drug or supply is not subject to criminal or civil liability for injury, death, or loss to a person or to property for causes of action described in clauses (1) and (2). A manufacturer is not liable for:

(1) the intentional or unintentional alteration of the drug or supply by a party not under the control of the manufacturer; or

(2) the failure of a party not under the control of the manufacturer to transfer or communicate product or consumer information or the expiration date of the donated drug or supply.

(b) A health care facility participating in the program, a pharmacist dispensing a drug or supply pursuant to the program, a practitioner dispensing or administering a drug or supply pursuant to the program, or a donor of a drug or medical supply is immune from civil liability for an act or omission that causes injury to or the death of an individual to whom the drug or supply is dispensed and no disciplinary action by a health-related licensing board shall be taken against a pharmacist or practitioner so long as the drug or supply is donated, accepted, distributed, and dispensed according to the requirements of this section. This immunity does not apply if the act or omission involves reckless, wanton, or intentional misconduct, or malpractice unrelated to the quality of the drug or medical supply.

Subd. 13. **Sunset.** This section expires July 1, 2022.

Sec. 6. Minnesota Statutes 2016, section 151.71, is amended by adding a subdivision to read:

Subd. 3. **Synchronization of refills.** (a) For purposes of this subdivision, "synchronization" means the coordination of prescription drug refills for a patient taking two or more medications for one or more chronic conditions, to allow the patient's medications to be refilled on the same schedule for a given period of time.

(b) A contract between a pharmacy benefit manager and a pharmacy must allow for synchronization of prescription drug refills for a patient on at least one occasion per year, if the following criteria are met:

(1) the prescription drugs are covered under the patient's health plan or have been approved by a formulary exceptions process;

(2) the prescription drugs are maintenance medications as defined by the health plan and have one or more refills available at the time of synchronization;

(3) the prescription drugs are not Schedule II, III, or IV controlled substances;

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(4) the patient meets all utilization management criteria relevant to the prescription drug at the time of synchronization;

(5) the prescription drugs are of a formulation that can be safely split into short-fill periods to achieve synchronization; and

(6) the prescription drugs do not have special handling or sourcing needs that require a single, designated pharmacy to fill or refill the prescription.

(c) When necessary to permit synchronization, the pharmacy benefit manager shall apply a prorated, daily patient cost-sharing rate to any prescription drug dispensed by a pharmacy under this subdivision. The dispensing fee shall not be prorated, and all dispensing fees shall be based on the number of prescriptions filled or refilled.

Sec. 7. **TESTIMONY ON USE OF DIGITAL BREAST TOMOSYNTHESIS BY MEMBERS OF THE STATE EMPLOYEE GROUP INSURANCE PROGRAM.**

The director of the state employee group insurance program must prepare and submit written testimony to the house of representatives and senate committees with jurisdiction over health and human services and state government finance regarding the impact of Minnesota Statutes, section 62A.30, subdivision 4. The director must provide data on actual utilization of the coverage under Minnesota Statutes, section 62A.30, subdivision 4, by members of the state employee group insurance program from January 1, 2019, to December 31, 2019. The director may make recommendations for legislation addressing any issues relating to the coverage required by Minnesota Statutes, section 62A.30, subdivision 4. The testimony required under this section is due by March 1, 2020.

Sec. 8. **STUDY AND REPORT ON DISPARITIES BETWEEN GEOGRAPHIC RATING AREAS IN INDIVIDUAL AND SMALL GROUP MARKET HEALTH INSURANCE RATES.**

Subdivision 1. **Study and recommendations.** (a) As permitted by the availability of resources, the legislative auditor is requested to study disparities between Minnesota's nine geographic rating areas in individual and small group market health insurance rates and recommend ways to reduce or eliminate rate disparities between the geographic rating areas and provide for stability of the individual and small group health insurance markets in the state. In the study, if conducted, the legislative auditor shall:

(1) identify the factors that cause higher individual and small group market health insurance rates in certain geographic rating areas, and determine the extent to which each identified factor contributes to the higher rates;

(2) identify the impact of referral centers on individual and small group market health insurance rates in southeastern Minnesota, and identify ways to reduce the rate disparity between southeastern Minnesota and the metropolitan area, taking into consideration the patterns of referral center usage by patients in those regions;

(3) determine the extent to which individuals and small employers located in a geographic rating area with higher health insurance rates than surrounding geographic rating areas have obtained health insurance in a lower-cost geographic rating area, identify the strategies that individuals and small employers use to obtain health insurance in a lower-cost geographic rating area, and measure the effects of this practice on the rates of the individuals and small employers remaining in the geographic rating area with higher health insurance rates; and

(4) develop proposals to redraw the boundaries of Minnesota's geographic rating areas, and calculate the effect each proposal would have on rates in each of the proposed rating areas. The legislative auditor shall examine at least three options for redrawing the boundaries of Minnesota's geographic rating areas, at

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least one of which must reduce the number of geographic rating areas. All options for redrawing Minnesota's geographic rating areas considered by the legislative auditor must be designed:

(i) with the purposes of reducing or eliminating rate disparities between geographic rating areas and providing for stability of the individual and small group health insurance markets in the state;

(ii) with consideration of the composition of existing provider networks and referral patterns in regions of the state; and

(iii) in compliance with the requirements for geographic rating areas in Code of Federal Regulations, title 45, section 147.102(b), and other applicable federal law and guidance.

(b) The legislative auditor may secure de-identified data necessary to complete the study and recommendations according to this subdivision directly from health carriers. For purposes of this paragraph "de-identified" means a process to remove all identifiable information regarding an individual or group from data. Data classified as nonpublic data or private data on individuals, as defined in Minnesota Statutes, section 13.02, subdivisions 9 and 12, remains classified as such.

(c) The legislative auditor may recommend one or more proposals for redrawing Minnesota's geographic rating areas if the legislative auditor determines that the proposal would reduce or eliminate individual and small group market health insurance rate disparities between the geographic rating areas and provide for stability of the individual and small group health insurance markets in the state.

Subd. 2. **Contract.** The legislative auditor may contract with another entity for technical assistance in conducting the study and developing recommendations according to subdivision 1.

Subd. 3. **Report.** The legislative auditor is requested to complete the study and recommendations by January 1, 2019, and to submit a report on the study and recommendations by that date to the chairs and ranking minority members of the legislative committees with jurisdiction over health care and health insurance.

Sec. 9. **MENTAL HEALTH AND SUBSTANCE USE DISORDER PARITY WORK GROUP.**

Subdivision 1. **Establishment; membership.** (a) A mental health and substance use disorder parity work group is established and shall include the following members:

(1) two members representing health plan companies that offer health plans in the individual market, appointed by the commissioner of commerce;

(2) two members representing health plan companies that offer health plans in the group markets, appointed by the commissioner of commerce;

(3) the commissioner of health or a designee;

(4) the commissioner of commerce or a designee;

(5) the commissioner of management and budget or a designee;

(6) two members representing employers, appointed by the commissioner of commerce;

(7) two members who are providers representing the mental health and substance use disorder community, appointed by the commissioner of commerce; and

(8) two members who are advocates representing the mental health and substance use disorder community, appointed by the commissioner of commerce.

(b) Members of the work group must have expertise in standards for evidence-based care, benefit design, or knowledge relating to the analysis of mental health and substance use disorder parity under federal and state law, including nonquantitative treatment limitations.

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Subd. 2. **First appointments; first meeting; chair.** Appointing authorities shall appoint members to the work group by July 1, 2018. The commissioner of commerce or a designee shall convene the first meeting of the work group on or before August 1, 2018. The commissioner of commerce or the commissioner's designee shall act as chair.

Subd. 3. **Duties.** The mental health and substance use disorder parity work group shall:

(1) develop recommendations on the most effective approach to determine and demonstrate mental health and substance use disorder parity, in accordance with state and federal law for individual and group health plans offered in Minnesota; and

(2) report recommendations to the legislature.

Subd. 4. **Report.** (a) By February 15, 2019, the work group shall submit a report with recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over health care policy and finance.

(b) The report must include the following:

(1) a summary of completed state enforcement actions relating to individual and group health plans offered in Minnesota during the preceding 12-month period regarding compliance with parity in mental health and substance use disorders benefits in accordance with state and federal law and a summary of the results of completed state enforcement actions. Data that is protected under state or federal law as nonpublic, private, or confidential shall remain nonpublic, private, or confidential. This summary must include:

(i) the number of formal enforcement actions taken;

(ii) the benefit classifications examined in each enforcement action; and

(iii) the subject matter of each enforcement action, including quantitative and nonquantitative treatment limitations;

(2) detailed information about any regulatory actions the commissioner of health or commissioner of commerce has taken as a result of a completed state enforcement action pertaining to health plan compliance with Minnesota Statutes, sections 62Q.47 and 62Q.53, and United States Code, title 42, section 18031(j);

(3) a description of the work group's recommendations on educating the public about alcoholism, mental health, or chemical dependency parity protections under state and federal law; and

(4) recommendations on the most effective approach to determine and demonstrate mental health and substance use disorder parity, in accordance with state and federal law for individual and group health plans offered in Minnesota.

(c) In developing the report and recommendations, the work group may consult with the Substance Abuse and Mental Health Services Agency and the National Association of Insurance Commissioners for the latest developments on evaluation of mental health and substance use disorder parity.

(d) The report must be written in plain language and must be made available to the public by being posted on the Web sites of the Department of Health and Department of Commerce. The work group may make the report publicly available in additional ways, at its discretion.

(e) The report must include any draft legislation necessary to implement the recommendations of the work group.

Subd. 5. **Expiration.** The mental health and substance use disorder parity work group expires February 16, 2019, or the day after submitting the report required in this section, whichever is earlier.

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Sec. 10. **PROVIDER GRANTS FOR ADMINISTRATION OF PERIPHERAL NERVE BLOCKS.**

(a) The commissioner of human services, within the limits of funding provided for the substance use disorder provider capacity grant program under Laws 2017 First Special Session chapter 6, article 12, section 4, may design and implement a grant program to assist providers in purchasing devices for administering continuous peripheral nerve blocks to treat, reduce, or prevent substance use disorder for medical assistance enrollees.

(b) If the commissioner implements the grant program, grants shall be distributed between July 1, 2018, and June 30, 2019. The commissioner shall conduct outreach to providers regarding the availability of this grant and ensure a simplified grant application process. The commissioner shall provide technical assistance to assist providers in building operational capacity to treat, reduce, or prevent substance use disorders with devices for administering continuous peripheral nerve blocks. The commissioner, in collaboration with stakeholders, shall: (1) analyze the impact of the grant program; (2) identify actual or perceived barriers to providers accessing and obtaining reimbursement for devices for administering continuous peripheral nerve blocks; and (3) develop recommendations for addressing identified barriers. The commissioner shall provide a report to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance by September 1, 2019.

Sec. 11. **REPEALER.**

Minnesota Statutes 2016, section 151.55, is repealed.

ARTICLE 37

HEALTH-RELATED LICENSING BOARDS

Section 1. Minnesota Statutes 2016, section 144A.26, is amended to read:

144A.26 RECIPROCITY WITH OTHER STATES AND EQUIVALENCY OF HEALTH SERVICES EXECUTIVE.

Subdivision 1. **Reciprocity.** The Board of Examiners may issue a nursing home administrator's license, without examination, to any person who holds a current license as a nursing home administrator from another jurisdiction if the board finds that the standards for licensure in the other jurisdiction are at least the substantial equivalent of those prevailing in this state and that the applicant is otherwise qualified.

Subd. 2. **Health services executive license.** The Board of Examiners may issue a health services executive license to any person who (1) has been validated by the National Association of Long Term Care Administrator Boards as a health services executive, and (2) has met the education and practice requirements for the minimum qualifications of a nursing home administrator, assisted living administrator, and home and community-based service provider. Licensure decisions made by the board under this subdivision are final.

Sec. 2. Minnesota Statutes 2017 Supplement, section 147.01, subdivision 7, is amended to read:

Subd. 7. **Physician application and license fees.** (a) The board may charge the following nonrefundable application and license fees processed pursuant to sections 147.02, 147.03, 147.037, 147.0375, and 147.38:

(1) physician application fee, $200;

(2) physician annual registration renewal fee, $192;

(3) physician endorsement to other states, $40;

(4) physician emeritus license, $50;

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(5) physician temporary license, $60;

(6) physician late fee, $60;

(7) duplicate license fee, $20;

(8) certification letter fee, $25;

(9) education or training program approval fee, $100;

(10) report creation and generation fee, $60 per hour;

(11) examination administration fee (half day), $50;

(12) examination administration fee (full day), $80; and

(13) fees developed by the Interstate Commission for determining physician qualification to register and participate in the interstate medical licensure compact, as established in rules authorized in and pursuant to section 147.38, not to exceed $1,000.;

(14) verification fee, $25; and

(15) criminal background check fee, $32.

(b) The board may prorate the initial annual license fee. All licensees are required to pay the full fee upon license renewal. The revenue generated from the fee must be deposited in an account in the state government special revenue fund.

Sec. 3. Minnesota Statutes 2016, section 147.012, is amended to read:

147.012 OVERSIGHT OF ALLIED HEALTH PROFESSIONS.

The board has responsibility for the oversight of the following allied health professions: physician assistants under chapter 147A;, acupuncture practitioners under chapter 147B;, respiratory care practitioners under chapter 147C;, traditional midwives under chapter 147D;, registered naturopathic doctors under chapter 147E;, genetic counselors under chapter 147F, and athletic trainers under sections 148.7801 to 148.7815.

Sec. 4. Minnesota Statutes 2016, section 147.02, is amended by adding a subdivision to read:

Subd. 7. **Additional renewal requirements.** (a) The licensee must maintain a correct mailing address with the board for receiving board communications, notices, and licensure renewal documents. Placing the license renewal application in first class United States mail, addressed to the licensee at the licensee's last known address with postage prepaid, constitutes valid service. Failure to receive the renewal documents does not relieve a license holder of the obligation to comply with this section.

(b) The names of licensees who do not return a complete license renewal application, the annual license fee, or the late application fee within 30 days shall be removed from the list of individuals authorized to practice medicine and surgery during the current renewal period. Upon reinstatement of licensure, the licensee's name will be placed on the list of individuals authorized to practice medicine and surgery.

Sec. 5. Minnesota Statutes 2016, section 147A.06, is amended to read:

147A.06 CANCELLATION OF LICENSE FOR NONRENEWAL.

Subdivision 1. **Cancellation of license.** The board shall not renew, reissue, reinstate, or restore a license that has lapsed on or after July 1, 1996, and has not been renewed within two annual renewal cycles starting July 1, 1997. A licensee whose license is canceled for nonrenewal must obtain a new license by applying

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for licensure and fulfilling all requirements then in existence for an initial license to practice as a physician assistant.

Subd. 2. **Licensure following lapse of licensed status; transition.** (a) A licensee whose license has lapsed under subdivision 1 before January 1, 2019, and who seeks to regain licensed status after January 1, 2019, shall be treated as a first-time licensee only for purposes of establishing a license renewal schedule, and shall not be subject to the license cycle conversion provisions in section 147A.29.

(b) This subdivision expires July 1, 2021.

Sec. 6. Minnesota Statutes 2016, section 147A.07, is amended to read:

147A.07 RENEWAL.

(a) A person who holds a license as a physician assistant shall annually, upon notification from the board, renew the license by:

(1) submitting the appropriate fee as determined by the board;

(2) completing the appropriate forms; and

(3) meeting any other requirements of the board.

(b) A licensee must maintain a correct mailing address with the board for receiving board communications, notices, and license renewal documents. Placing the license renewal application in first class United States mail, addressed to the licensee at the licensee's last known address with postage prepaid, constitutes valid service. Failure to receive the renewal documents does not relieve a licensee of the obligation to comply with this section.

(c) The name of a licensee who does not return a complete license renewal application, annual license fee, or late application fee, as applicable, within the time period required by this section shall be removed from the list of individuals authorized to practice during the current renewal period. If the licensee's license is reinstated, the licensee's name shall be placed on the list of individuals authorized to practice.

Sec. 7. Minnesota Statutes 2017 Supplement, section 147A.28, is amended to read:

147A.28 PHYSICIAN ASSISTANT APPLICATION AND LICENSE FEES.

(a) The board may charge the following nonrefundable fees:

(1) physician assistant application fee, $120;

(2) physician assistant annual registration renewal fee (prescribing authority), $135;

(3) physician assistant annual registration renewal fee (no prescribing authority), $115;

(4) physician assistant temporary registration, $115;

(5) physician assistant temporary permit, $60;

(6) physician assistant locum tenens permit, $25;

(7) physician assistant late fee, $50;

(8) duplicate license fee, $20;

(9) certification letter fee, $25;

(10) education or training program approval fee, $100; ~~and~~

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(11) report creation and generation fee, $60~~.~~ per hour;

(12) verification fee, $25; and

(13) criminal background check fee, $32.

(b) The board may prorate the initial annual license fee. All licensees are required to pay the full fee upon license renewal. The revenue generated from the fees must be deposited in an account in the state government special revenue fund.

Sec. 8. **[147A.29] LICENSE RENEWAL CYCLE CONVERSION.**

Subdivision 1. **Generally.** The license renewal cycle for physician assistant licensees is converted to an annual cycle where renewal is due on the last day of the licensee's month of birth. Conversion pursuant to this section begins January 1, 2019. This section governs license renewal procedures for licensees who were licensed before December 31, 2018. The conversion renewal cycle is the renewal cycle following the first license renewal after January 1, 2019. The conversion license period is the license period for the conversion renewal cycle. The conversion license period is between six and 17 months and ends on the last day of the licensee's month of birth in either 2019 or 2020, as described in subdivision 2.

Subd. 2. **Conversion of license renewal cycle for current licensees.** For a licensee whose license is current as of December 31, 2018, the licensee's conversion license period begins on January 1, 2019, and ends on the last day of the licensee's month of birth in 2019, except that for licensees whose month of birth is January, February, March, April, May, or June, the licensee's renewal cycle ends on the last day of the licensee's month of birth in 2020.

Subd. 3. **Conversion of license renewal cycle for noncurrent licensees.** This subdivision applies to an individual who was licensed before December 31, 2018, but whose license is not current as of December 31, 2018. When the individual first renews the license after January 1, 2019, the conversion renewal cycle begins on the date the individual applies for renewal and ends on the last day of the licensee's month of birth in the same year, except that if the last day of the individual's month of birth is less than six months after the date the individual applies for renewal, then the renewal period ends on the last day of the individual's month of birth in the following year.

Subd. 4. **Subsequent renewal cycles.** After the licensee's conversion renewal cycle under subdivision 2 or 3, subsequent renewal cycles are annual and begin on the last day of the month of the licensee's birth.

Subd. 5. **Conversion period and fees.** (a) A licensee who holds a license issued before January 1, 2019, and who renews that license pursuant to subdivision 2 or 3, shall pay a renewal fee as required in this subdivision.

(b) A licensee shall be charged the annual license fee listed in section 147A.28 for the conversion license period.

(c) For a licensee whose conversion license period is six to 11 months, the first annual license fee charged after the conversion license period shall be adjusted to credit the excess fee payment made during the conversion license period. The credit is calculated by: (1) subtracting the number of months of the licensee's conversion license period from 12; and (2) multiplying the result of clause (1) by 1/12 of the annual fee rounded up to the next dollar.

(d) For a licensee whose conversion license period is 12 months, the first annual license fee charged after the conversion license period shall not be adjusted.

(e) For a licensee whose conversion license period is 13 to 17 months, the first annual license fee charged after the conversion license period shall be adjusted to add the annual license fee payment for the months that were not included in the annual license fee paid for the conversion license period. The added payment

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is calculated by: (1) subtracting 12 from the number of months of the licensee's conversion license period; and (2) multiplying the result of clause (1) by 1/12 of the annual fee rounded up to the next dollar.

(f) For the second and all subsequent license renewals made after the conversion license period, the licensee's annual license fee is as listed in section 147A.28.

Subd. 6. **Expiration.** This section expires July 1, 2021.

Sec. 9. Minnesota Statutes 2016, section 147B.02, subdivision 9, is amended to read:

Subd. 9. **Renewal.** (a) To renew a license an applicant must:

(1) annually, or as determined by the board, complete a renewal application on a form provided by the board;

(2) submit the renewal fee;

(3) provide documentation of current and active NCCAOM certification; or

(4) if licensed under subdivision 5 or 6, meet the same NCCAOM professional development activity requirements as those licensed under subdivision 7.

(b) An applicant shall submit any additional information requested by the board to clarify information presented in the renewal application. The information must be submitted within 30 days after the board's request, or the renewal request is nullified.

(c) An applicant must maintain a correct mailing address with the board for receiving board communications, notices, and license renewal documents. Placing the license renewal application in first class United States mail, addressed to the applicant at the applicant's last known address with postage prepaid, constitutes valid service. Failure to receive the renewal documents does not relieve an applicant of the obligation to comply with this section.

(d) The name of an applicant who does not return a complete license renewal application, annual license fee, or late application fee, as applicable, within the time period required by this section shall be removed from the list of individuals authorized to practice during the current renewal period. If the applicant's license is reinstated, the applicant's name shall be placed on the list of individuals authorized to practice.

Sec. 10. Minnesota Statutes 2016, section 147B.02, is amended by adding a subdivision to read:

Subd. 12a. **Licensure following lapse of licensed status; transition.** (a) A licensee whose license has lapsed under subdivision 12 before January 1, 2019, and who seeks to regain licensed status after January 1, 2019, shall be treated as a first-time licensee only for purposes of establishing a license renewal schedule, and shall not be subject to the license cycle conversion provisions in section 147B.09.

(b) This subdivision expires July 1, 2021.

Sec. 11. Minnesota Statutes 2017 Supplement, section 147B.08, is amended to read:

147B.08 FEES.

Subd. 4. **Acupuncturist application and license fees.** (a) The board may charge the following nonrefundable fees:

(1) acupuncturist application fee, $150;

(2) acupuncturist annual registration renewal fee, $150;

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(3) acupuncturist temporary registration fee, $60;

(4) acupuncturist inactive status fee, $50;

(5) acupuncturist late fee, $50;

(6) duplicate license fee, $20;

(7) certification letter fee, $25;

(8) education or training program approval fee, $100; ~~and~~

(9) report creation and generation fee, $60~~.~~ per hour;

(10) verification fee, $25; and

(11) criminal background check fee, $32.

(b) The board may prorate the initial annual license fee. All licensees are required to pay the full fee upon license renewal. The revenue generated from the fees must be deposited in an account in the state government special revenue fund.

Sec. 12. **[147B.09] LICENSE RENEWAL CYCLE CONVERSION.**

Subdivision 1. **Generally.** The license renewal cycle for acupuncture practitioner licensees is converted to an annual cycle where renewal is due on the last day of the licensee's month of birth. Conversion pursuant to this section begins January 1, 2019. This section governs license renewal procedures for licensees who were licensed before December 31, 2018. The conversion renewal cycle is the renewal cycle following the first license renewal after January 1, 2019. The conversion license period is the license period for the conversion renewal cycle. The conversion license period is between six and 17 months and ends on the last day of the licensee's month of birth in either 2019 or 2020, as described in subdivision 2.

Subd. 2. **Conversion of license renewal cycle for current licensees.** For a licensee whose license is current as of December 31, 2018, the licensee's conversion license period begins on January 1, 2019, and ends on the last day of the licensee's month of birth in 2019, except that for licensees whose month of birth is January, February, March, April, May, or June, the licensee's renewal cycle ends on the last day of the licensee's month of birth in 2020.

Subd. 3. **Conversion of license renewal cycle for noncurrent licensees.** This subdivision applies to an individual who was licensed before December 31, 2018, but whose license is not current as of December 31, 2018. When the individual first renews the license after January 1, 2019, the conversion renewal cycle begins on the date the individual applies for renewal and ends on the last day of the licensee's month of birth in the same year, except that if the last day of the individual's month of birth is less than six months after the date the individual applies for renewal, then the renewal period ends on the last day of the individual's month of birth in the following year.

Subd. 4. **Subsequent renewal cycles.** After the licensee's conversion renewal cycle under subdivision 2 or 3, subsequent renewal cycles are annual and begin on the last day of the month of the licensee's birth.

Subd. 5. **Conversion period and fees.** (a) A licensee who holds a license issued before January 1, 2019, and who renews that license pursuant to subdivision 2 or 3, shall pay a renewal fee as required in this subdivision.

(b) A licensee shall be charged the annual license fee listed in section 147B.08 for the conversion license period.

(c) For a licensee whose conversion license period is six to 11 months, the first annual license fee charged after the conversion license period shall be adjusted to credit the excess fee payment made during the

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conversion license period. The credit is calculated by: (1) subtracting the number of months of the licensee's conversion license period from 12; and (2) multiplying the result of clause (1) by 1/12 of the annual fee rounded up to the next dollar.

(d) For a licensee whose conversion license period is 12 months, the first annual license fee charged after the conversion license period shall not be adjusted.

(e) For a licensee whose conversion license period is 13 to 17 months, the first annual license fee charged after the conversion license period shall be adjusted to add the annual license fee payment for the months that were not included in the annual license fee paid for the conversion license period. The added payment is calculated by: (1) subtracting 12 from the number of months of the licensee's conversion license period; and (2) multiplying the result of clause (1) by 1/12 of the annual fee rounded up to the next dollar.

(f) For the second and all subsequent license renewals made after the conversion license period, the licensee's annual license fee is as listed in section 147B.08.

Subd. 6. **Expiration.** This section expires July 1, 2021.

Sec. 13. Minnesota Statutes 2016, section 147C.15, subdivision 7, is amended to read:

Subd. 7. **Renewal.** (a) To be eligible for license renewal a licensee must:

(1) annually, or as determined by the board, complete a renewal application on a form provided by the board;

(2) submit the renewal fee;

(3) provide evidence every two years of a total of 24 hours of continuing education approved by the board as described in section 147C.25; and

(4) submit any additional information requested by the board to clarify information presented in the renewal application. The information must be submitted within 30 days after the board's request, or the renewal request is nullified.

(b) Applicants for renewal who have not practiced the equivalent of eight full weeks during the past five years must achieve a passing score on retaking the credentialing examination.

(c) A licensee must maintain a correct mailing address with the board for receiving board communications, notices, and license renewal documents. Placing the license renewal application in first class United States mail, addressed to the licensee at the licensee's last known address with postage prepaid, constitutes valid service. Failure to receive the renewal documents does not relieve a licensee of the obligation to comply with this section.

(d) The name of a licensee who does not return a complete license renewal application, annual license fee, or late application fee, as applicable, within the time period required by this section shall be removed from the list of individuals authorized to practice during the current renewal period. If the licensee's license is reinstated, the licensee's name shall be placed on the list of individuals authorized to practice.

Sec. 14. Minnesota Statutes 2016, section 147C.15, is amended by adding a subdivision to read:

Subd. 12a. **Licensure following lapse of licensed status; transition.** (a) A licensee whose license has lapsed under subdivision 12 before January 1, 2019, and who seeks to regain licensed status after January 1, 2019, shall be treated as a first-time licensee only for purposes of establishing a license renewal schedule, and shall not be subject to the license cycle conversion provisions in section 147C.45.

(b) This subdivision expires July 1, 2021.

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Sec. 15. Minnesota Statutes 2017 Supplement, section 147C.40, is amended to read:

147C.40 FEES.

Subd. 5. **Respiratory therapist application and license fees.** (a) The board may charge the following nonrefundable fees:

(1) respiratory therapist application fee, $100;

(2) respiratory therapist annual registration renewal fee, $90;

(3) respiratory therapist inactive status fee, $50;

(4) respiratory therapist temporary registration fee, $90;

(5) respiratory therapist temporary permit, $60;

(6) respiratory therapist late fee, $50;

(7) duplicate license fee, $20;

(8) certification letter fee, $25;

(9) education or training program approval fee, $100; ~~and~~

(10) report creation and generation fee, $60~~.~~ per hour;

(11) verification fee, $25; and

(12) criminal background check fee, $32.

(b) The board may prorate the initial annual license fee. All licensees are required to pay the full fee upon license renewal. The revenue generated from the fees must be deposited in an account in the state government special revenue fund.

Sec. 16. **[147C.45] LICENSE RENEWAL CYCLE CONVERSION.**

Subdivision 1. **Generally.** The license renewal cycle for respiratory care practitioner licensees is converted to an annual cycle where renewal is due on the last day of the licensee's month of birth. Conversion pursuant to this section begins January 1, 2019. This section governs license renewal procedures for licensees who were licensed before December 31, 2018. The conversion renewal cycle is the renewal cycle following the first license renewal after January 1, 2019. The conversion license period is the license period for the conversion renewal cycle. The conversion license period is between six and 17 months and ends on the last day of the licensee's month of birth in either 2019 or 2020, as described in subdivision 2.

Subd. 2. **Conversion of license renewal cycle for current licensees.** For a licensee whose license is current as of December 31, 2018, the licensee's conversion license period begins on January 1, 2019, and ends on the last day of the licensee's month of birth in 2019, except that for licensees whose month of birth is January, February, March, April, May, or June, the licensee's renewal cycle ends on the last day of the licensee's month of birth in 2020.

Subd. 3. **Conversion of license renewal cycle for noncurrent licensees.** This subdivision applies to an individual who was licensed before December 31, 2018, but whose license is not current as of December 31, 2018. When the individual first renews the license after January 1, 2019, the conversion renewal cycle begins on the date the individual applies for renewal and ends on the last day of the licensee's month of birth in the same year, except that if the last day of the individual's month of birth is less than six months after the date the individual applies for renewal, then the renewal period ends on the last day of the individual's month of birth in the following year.

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Subd. 4. **Subsequent renewal cycles.** After the licensee's conversion renewal cycle under subdivision 2 or 3, subsequent renewal cycles are annual and begin on the last day of the month of the licensee's birth.

Subd. 5. **Conversion period and fees.** (a) A licensee who holds a license issued before January 1, 2019, and who renews that license pursuant to subdivision 2 or 3, shall pay a renewal fee as required in this subdivision.

(b) A licensee shall be charged the annual license fee listed in section 147C.40 for the conversion license period.

(c) For a licensee whose conversion license period is six to 11 months, the first annual license fee charged after the conversion license period shall be adjusted to credit the excess fee payment made during the conversion license period. The credit is calculated by: (1) subtracting the number of months of the licensee's conversion license period from 12; and (2) multiplying the result of clause (1) by 1/12 of the annual fee rounded up to the next dollar.

(d) For a licensee whose conversion license period is 12 months, the first annual license fee charged after the conversion license period shall not be adjusted.

(e) For a licensee whose conversion license period is 13 to 17 months, the first annual license fee charged after the conversion license period shall be adjusted to add the annual license fee payment for the months that were not included in the annual license fee paid for the conversion license period. The added payment is calculated by: (1) subtracting 12 from the number of months of the licensee's conversion license period; and (2) multiplying the result of clause (1) by 1/12 of the annual fee rounded up to the next dollar.

(f) For the second and all subsequent license renewals made after the conversion license period, the licensee's annual license fee is as listed in section 147C.40.

Subd. 6. **Expiration.** This section expires July 1, 2021.

Sec. 17. Minnesota Statutes 2016, section 147D.17, subdivision 6, is amended to read:

Subd. 6. **Renewal.** (a) To be eligible for license renewal, a licensed traditional midwife must:

(1) complete a renewal application on a form provided by the board;

(2) submit the renewal fee;

(3) provide evidence every three years of a total of 30 hours of continuing education approved by the board as described in section 147D.21;

(4) submit evidence of an annual peer review and update of the licensed traditional midwife's medical consultation plan; and

(5) submit any additional information requested by the board. The information must be submitted within 30 days after the board's request, or the renewal request is nullified.

(b) A licensee must maintain a correct mailing address with the board for receiving board communications, notices, and license renewal documents. Placing the license renewal application in first class United States mail, addressed to the licensee at the licensee's last known address with postage prepaid, constitutes valid service. Failure to receive the renewal documents does not relieve a licensee of the obligation to comply with this section.

(c) The name of a licensee who does not return a complete license renewal application, annual license fee, or late application fee, as applicable, within the time period required by this section shall be removed from the list of individuals authorized to practice during the current renewal period. If the licensee's license is reinstated, the licensee's name shall be placed on the list of individuals authorized to practice.

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Sec. 18. Minnesota Statutes 2016, section 147D.17, is amended by adding a subdivision to read:

Subd. 11a. **Licensure following lapse of licensed status; transition.** (a) A licensee whose license has lapsed under subdivision 11 before January 1, 2019, and who seeks to regain licensed status after January 1, 2019, shall be treated as a first-time licensee only for purposes of establishing a license renewal schedule, and shall not be subject to the license cycle conversion provisions in section 147D.29.

(b) This subdivision expires July 1, 2021.

Sec. 19. Minnesota Statutes 2016, section 147D.27, is amended by adding a subdivision to read:

Subd. 5. **Additional fees.** The board may also charge the following nonrefundable fees:

(1) verification fee, $25;

(2) certification letter fee, $25;

(3) education or training program approval fee, $100;

(4) report creation and generation fee, $60 per hour;

(5) duplicate license fee, $20; and

(6) criminal background check fee, $32.

Sec. 20. **[147D.29] LICENSE RENEWAL CYCLE CONVERSION.**

Subdivision 1. **Generally.** The license renewal cycle for traditional midwife licensees is converted to an annual cycle where renewal is due on the last day of the licensee's month of birth. Conversion pursuant to this section begins January 1, 2019. This section governs license renewal procedures for licensees who were licensed before December 31, 2018. The conversion renewal cycle is the renewal cycle following the first license renewal after January 1, 2019. The conversion license period is the license period for the conversion renewal cycle. The conversion license period is between six and 17 months and ends on the last day of the licensee's month of birth in either 2019 or 2020, as described in subdivision 2.

Subd. 2. **Conversion of license renewal cycle for current licensees.** For a licensee whose license is current as of December 31, 2018, the licensee's conversion license period begins on January 1, 2019, and ends on the last day of the licensee's month of birth in 2019, except that for licensees whose month of birth is January, February, March, April, May, or June, the licensee's renewal cycle ends on the last day of the licensee's month of birth in 2020.

Subd. 3. **Conversion of license renewal cycle for noncurrent licensees.** This subdivision applies to an individual who was licensed before December 31, 2018, but whose license is not current as of December 31, 2018. When the individual first renews the license after January 1, 2019, the conversion renewal cycle begins on the date the individual applies for renewal and ends on the last day of the licensee's month of birth in the same year, except that if the last day of the individual's month of birth is less than six months after the date the individual applies for renewal, then the renewal period ends on the last day of the individual's month of birth in the following year.

Subd. 4. **Subsequent renewal cycles.** After the licensee's conversion renewal cycle under subdivision 2 or 3, subsequent renewal cycles are annual and begin on the last day of the month of the licensee's birth.

Subd. 5. **Conversion period and fees.** (a) A licensee who holds a license issued before January 1, 2019, and who renews that license pursuant to subdivision 2 or 3, shall pay a renewal fee as required in this subdivision.

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(b) A licensee shall be charged the annual license fee listed in section 147D.27 for the conversion license period.

(c) For a licensee whose conversion license period is six to 11 months, the first annual license fee charged after the conversion license period shall be adjusted to credit the excess fee payment made during the conversion license period. The credit is calculated by: (1) subtracting the number of months of the licensee's conversion license period from 12; and (2) multiplying the result of clause (1) by 1/12 of the annual fee rounded up to the next dollar.

(d) For a licensee whose conversion license period is 12 months, the first annual license fee charged after the conversion license period shall not be adjusted.

(e) For a licensee whose conversion license period is 13 to 17 months, the first annual license fee charged after the conversion license period shall be adjusted to add the annual license fee payment for the months that were not included in the annual license fee paid for the conversion license period. The added payment is calculated by: (1) subtracting 12 from the number of months of the licensee's conversion license period; and (2) multiplying the result of clause (1) by 1/12 of the annual fee rounded up to the next dollar.

(f) For the second and all subsequent license renewals made after the conversion license period, the licensee's annual license fee is as listed in section 147D.27.

Subd. 6. **Expiration.** This section expires July 1, 2021.

Sec. 21. Minnesota Statutes 2016, section 147E.15, subdivision 5, is amended to read:

Subd. 5. **Renewal.** (a) To be eligible for registration renewal a registrant must:

(1) annually, or as determined by the board, complete a renewal application on a form provided by the board;

(2) submit the renewal fee;

(3) provide evidence of a total of 25 hours of continuing education approved by the board as described in section 147E.25; and

(4) submit any additional information requested by the board to clarify information presented in the renewal application. The information must be submitted within 30 days after the board's request, or the renewal request is nullified.

(b) A registrant must maintain a correct mailing address with the board for receiving board communications, notices, and registration renewal documents. Placing the registration renewal application in first class United States mail, addressed to the registrant at the registrant's last known address with postage prepaid, constitutes valid service. Failure to receive the renewal documents does not relieve a registrant of the obligation to comply with this section.

(c) The name of a registrant who does not return a complete registration renewal application, annual registration fee, or late application fee, as applicable, within the time period required by this section shall be removed from the list of individuals authorized to practice during the current renewal period. If the registrant's registration is reinstated, the registrant's name shall be placed on the list of individuals authorized to practice.

Sec. 22. Minnesota Statutes 2016, section 147E.15, is amended by adding a subdivision to read:

Subd. 10a. **Registration following lapse of registered status; transition.** (a) A registrant whose registration has lapsed under subdivision 10 before January 1, 2019, and who seeks to regain registered status after January 1, 2019, shall be treated as a first-time registrant only for purposes of establishing a

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registration renewal schedule, and shall not be subject to the registration cycle conversion provisions in section 147E.45.

(b) This subdivision expires July 1, 2021.

Sec. 23. Minnesota Statutes 2016, section 147E.40, subdivision 1, is amended to read:

Subdivision 1. **Fees.** Fees are as follows:

(1) registration application fee, $200;

(2) renewal fee, $150;

(3) late fee, $75;

(4) inactive status fee, $50; ~~and~~

(5) temporary permit fee, $25~~.~~;

(6) emeritus registration fee, $50;

(7) duplicate license fee, $20;

(8) certification letter fee, $25;

(9) verification fee, $25;

(10) education or training program approval fee, $100; and

(11) report creation and generation fee, $60 per hour.

Sec. 24. **[147E.45] REGISTRATION RENEWAL CYCLE CONVERSION.**

Subdivision 1. **Generally.** The registration renewal cycle for registered naturopathic doctors is converted to an annual cycle where renewal is due on the last day of the registrant's month of birth. Conversion pursuant to this section begins January 1, 2019. This section governs registration renewal procedures for registrants who were registered before December 31, 2018. The conversion renewal cycle is the renewal cycle following the first registration renewal after January 1, 2019. The conversion registration period is the registration period for the conversion renewal cycle. The conversion registration period is between six and 17 months and ends on the last day of the registrant's month of birth in either 2019 or 2020, as described in subdivision 2.

Subd. 2. **Conversion of registration renewal cycle for current registrants.** For a registrant whose registration is current as of December 31, 2018, the registrant's conversion registration period begins on January 1, 2019, and ends on the last day of the registrant's month of birth in 2019, except that for registrants whose month of birth is January, February, March, April, May, or June, the registrant's renewal cycle ends on the last day of the registrant's month of birth in 2020.

Subd. 3. **Conversion of registration renewal cycle for noncurrent registrants.** This subdivision applies to an individual who was registered before December 31, 2018, but whose registration is not current as of December 31, 2018. When the individual first renews the registration after January 1, 2019, the conversion renewal cycle begins on the date the individual applies for renewal and ends on the last day of the registrant's month of birth in the same year, except that if the last day of the individual's month of birth is less than six months after the date the individual applies for renewal, then the renewal period ends on the last day of the individual's month of birth in the following year.

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Subd. 4. **Subsequent renewal cycles.** After the registrant's conversion renewal cycle under subdivision 2 or 3, subsequent renewal cycles are annual and begin on the last day of the month of the registrant's birth.

Subd. 5. **Conversion period and fees.** (a) A registrant who holds a registration issued before January 1, 2019, and who renews that registration pursuant to subdivision 2 or 3, shall pay a renewal fee as required in this subdivision.

(b) A registrant shall be charged the annual registration fee listed in section 147E.40 for the conversion registration period.

(c) For a registrant whose conversion registration period is six to 11 months, the first annual registration fee charged after the conversion registration period shall be adjusted to credit the excess fee payment made during the conversion registration period. The credit is calculated by: (1) subtracting the number of months of the registrant's conversion registration period from 12; and (2) multiplying the result of clause (1) by 1/12 of the annual fee rounded up to the next dollar.

(d) For a registrant whose conversion registration period is 12 months, the first annual registration fee charged after the conversion registration period shall not be adjusted.

(e) For a registrant whose conversion registration period is 13 to 17 months, the first annual registration fee charged after the conversion registration period shall be adjusted to add the annual registration fee payment for the months that were not included in the annual registration fee paid for the conversion registration period. The added payment is calculated by: (1) subtracting 12 from the number of months of the registrant's conversion registration period; and (2) multiplying the result of clause (1) by 1/12 of the annual fee rounded up to the next dollar.

(f) For the second and all subsequent registration renewals made after the conversion registration period, the registrant's annual registration fee is as listed in section 147E.40.

Subd. 6. **Expiration.** This section expires July 1, 2021.

Sec. 25. Minnesota Statutes 2016, section 147F.07, subdivision 5, is amended to read:

Subd. 5. **License renewal.** (a) To be eligible for license renewal, a licensed genetic counselor must submit to the board:

(1) a renewal application on a form provided by the board;

(2) the renewal fee required under section 147F.17;

(3) evidence of compliance with the continuing education requirements in section 147F.11; and

(4) any additional information requested by the board.

(b) A licensee must maintain a correct mailing address with the board for receiving board communications, notices, and license renewal documents. Placing the license renewal application in first class United States mail, addressed to the licensee at the licensee's last known address with postage prepaid, constitutes valid service. Failure to receive the renewal documents does not relieve a licensee of the obligation to comply with this section.

(c) The name of a licensee who does not return a complete license renewal application, annual license fee, or late application fee, as applicable, within the time period required by this section shall be removed from the list of individuals authorized to practice during the current renewal period. If the licensee's license is reinstated, the licensee's name shall be placed on the list of individuals authorized to practice.

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Sec. 26. Minnesota Statutes 2016, section 147F.07, is amended by adding a subdivision to read:

Subd. 6. **Licensure following lapse of licensure status for two years or less.** For any individual whose licensure status has lapsed for two years or less, to regain licensure status, the individual must:

(1) apply for license renewal according to subdivision 5;

(2) document compliance with the continuing education requirements of section 147F.11 since the licensed genetic counselor's initial licensure or last renewal; and

(3) submit the fees required under section 147F.17 for the period not licensed, including the fee for late renewal.

Sec. 27. Minnesota Statutes 2016, section 147F.07, is amended by adding a subdivision to read:

Subd. 6a. **Licensure following lapse of licensed status; transition.** (a) A licensee whose license has lapsed under subdivision 6 before January 1, 2019, and who seeks to regain licensed status after January 1, 2019, shall be treated as a first-time licensee only for purposes of establishing a license renewal schedule, and shall not be subject to the license cycle conversion provisions in section 147F.19.

(b) This subdivision expires July 1, 2021.

Sec. 28. Minnesota Statutes 2016, section 147F.17, subdivision 1, is amended to read:

Subdivision 1. **Fees.** Fees are as follows:

(1) license application fee, $200;

(2) initial licensure and annual renewal, $150; ~~and~~

(3) late fee, $75~~.~~;

(4) temporary license fee, $60;

(5) duplicate license fee, $20;

(6) certification letter fee, $25;

(7) education or training program approval fee, $100;

(8) report creation and generation fee, $60 per hour; and

(9) criminal background check fee, $32.

Sec. 29. **[147F.19] LICENSE RENEWAL CYCLE CONVERSION.**

Subdivision 1. **Generally.** The license renewal cycle for genetic counselor licensees is converted to an annual cycle where renewal is due on the last day of the licensee's month of birth. Conversion pursuant to this section begins January 1, 2019. This section governs license renewal procedures for licensees who were licensed before December 31, 2018. The conversion renewal cycle is the renewal cycle following the first license renewal after January 1, 2019. The conversion license period is the license period for the conversion renewal cycle. The conversion license period is between six and 17 months and ends on the last day of the licensee's month of birth in either 2019 or 2020, as described in subdivision 2.

Subd. 2. **Conversion of license renewal cycle for current licensees.** For a licensee whose license is current as of December 31, 2018, the licensee's conversion license period begins on January 1, 2019, and ends on the last day of the licensee's month of birth in 2019, except that for licensees whose month of birth

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is January, February, March, April, May, or June, the licensee's renewal cycle ends on the last day of the licensee's month of birth in 2020.

Subd. 3. **Conversion of license renewal cycle for noncurrent licensees.** This subdivision applies to an individual who was licensed before December 31, 2018, but whose license is not current as of December 31, 2018. When the individual first renews the license after January 1, 2019, the conversion renewal cycle begins on the date the individual applies for renewal and ends on the last day of the licensee's month of birth in the same year, except that if the last day of the individual's month of birth is less than six months after the date the individual applies for renewal, then the renewal period ends on the last day of the individual's month of birth in the following year.

Subd. 4. **Subsequent renewal cycles.** After the licensee's conversion renewal cycle under subdivision 2 or 3, subsequent renewal cycles are annual and begin on the last day of the month of the licensee's birth.

Subd. 5. **Conversion period and fees.** (a) A licensee who holds a license issued before January 1, 2019, and who renews that license pursuant to subdivision 2 or 3, shall pay a renewal fee as required in this subdivision.

(b) A licensee shall be charged the annual license fee listed in section 147F.17 for the conversion license period.

(c) For a licensee whose conversion license period is six to 11 months, the first annual license fee charged after the conversion license period shall be adjusted to credit the excess fee payment made during the conversion license period. The credit is calculated by: (1) subtracting the number of months of the licensee's conversion license period from 12; and (2) multiplying the result of clause (1) by 1/12 of the annual fee rounded up to the next dollar.

(d) For a licensee whose conversion license period is 12 months, the first annual license fee charged after the conversion license period shall not be adjusted.

(e) For a licensee whose conversion license period is 13 to 17 months, the first annual license fee charged after the conversion license period shall be adjusted to add the annual license fee payment for the months that were not included in the annual license fee paid for the conversion license period. The added payment is calculated by: (1) subtracting 12 from the number of months of the licensee's conversion license period; and (2) multiplying the result of clause (1) by 1/12 of the annual fee rounded up to the next dollar.

(f) For the second and all subsequent license renewals made after the conversion license period, the licensee's annual license fee is as listed in section 147F.17.

Subd. 6. **Expiration.** This section expires July 1, 2021.

Sec. 30. Minnesota Statutes 2016, section 148.59, is amended to read:

148.59 LICENSE RENEWAL; LICENSE AND REGISTRATION FEES.

A licensed optometrist shall pay to the state Board of Optometry a fee as set by the board in order to renew a license as provided by board rule. No fees shall be refunded. Fees may not exceed the following amounts but may be adjusted lower by board direction and are for the exclusive use of the board:

(1) optometry licensure application, $160;

(2) optometry annual licensure renewal, ~~$135~~ $170;

(3) optometry late penalty fee, $75;

(4) annual license renewal card, $10;

(5) continuing education provider application, $45;

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(6) emeritus registration, $10;

(7) endorsement/reciprocity application, $160;

(8) replacement of initial license, $12; ~~and~~

(9) license verification, $50~~.~~;

(10) jurisprudence state examination, $75;

(11) Optometric Education Continuing Education data bank registration, $20; and

(12) data requests and labels, $50.

Sec. 31. Minnesota Statutes 2016, section 148.7815, subdivision 1, is amended to read:

Subdivision 1. **Fees.** The board shall establish fees as follows:

(1) application fee, $50;

(2) annual registration fee, $100;

(3) temporary registration, $100; ~~and~~

(4) temporary permit, $50~~.~~;

(5) late fee, $15;

(6) duplicate license fee, $20;

(7) certification letter fee, $25;

(8) verification fee, $25;

(9) education or training program approval fee, $100; and

(10) report creation and generation fee, $60 per hour.

Sec. 32. Minnesota Statutes 2016, section 148E.180, is amended to read:

148E.180 FEE AMOUNTS.

Subdivision 1. **Application fees.** Nonrefundable application fees for licensure ~~are as follows~~ may not exceed the following amounts:

(1) for a licensed social worker, ~~$45~~ $54;

(2) for a licensed graduate social worker, ~~$45~~ $54;

(3) for a licensed independent social worker, ~~$45~~ $54;

(4) for a licensed independent clinical social worker, ~~$45~~ $54;

(5) for a temporary license, $50; and

(6) for a licensure by endorsement, ~~$85~~ $92.

The fee for criminal background checks is the fee charged by the Bureau of Criminal Apprehension. The criminal background check fee must be included with the application fee as required according to section 148E.055.

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Subd. 2. **License fees.** Nonrefundable license fees ~~are as follows~~ may not exceed the following amounts but may be adjusted lower by board action:

(1) for a licensed social worker, ~~$81~~ $97;

(2) for a licensed graduate social worker, ~~$144~~ $172;

(3) for a licensed independent social worker, ~~$216~~ $258;

(4) for a licensed independent clinical social worker, ~~$238.50~~ $284;

(5) for an emeritus inactive license, ~~$43.20~~ $51;

(6) for an emeritus active license, one-half of the renewal fee specified in subdivision 3; and

(7) for a temporary leave fee, the same as the renewal fee specified in subdivision 3.

If the licensee's initial license term is less or more than 24 months, the required license fees must be prorated proportionately.

Subd. 3. **Renewal fees.** Nonrefundable renewal fees for ~~licensure are as follows~~ the two-year renewal term may not exceed the following amounts but may be adjusted lower by board action:

(1) for a licensed social worker, ~~$81~~ $97;

(2) for a licensed graduate social worker, ~~$144~~ $172;

(3) for a licensed independent social worker, ~~$216~~ $258; and

(4) for a licensed independent clinical social worker, ~~$238.50~~ $284.

Subd. 4. **Continuing education provider fees.** Continuing education provider fees are ~~as follows~~ the following nonrefundable amounts:

(1) for a provider who offers programs totaling one to eight clock hours in a one-year period according to section 148E.145, ~~$50~~ $60;

(2) for a provider who offers programs totaling nine to 16 clock hours in a one-year period according to section 148E.145, ~~$100~~ $120;

(3) for a provider who offers programs totaling 17 to 32 clock hours in a one-year period according to section 148E.145, ~~$200~~ $240;

(4) for a provider who offers programs totaling 33 to 48 clock hours in a one-year period according to section 148E.145, ~~$400~~ $480; and

(5) for a provider who offers programs totaling 49 or more clock hours in a one-year period according to section 148E.145, ~~$600~~ $720.

Subd. 5. **Late fees.** Late fees are ~~as follows~~ the following nonrefundable amounts:

(1) renewal late fee, one-fourth of the renewal fee specified in subdivision 3;

(2) supervision plan late fee, $40; and

(3) license late fee, $100 plus the prorated share of the license fee specified in subdivision 2 for the number of months during which the individual practiced social work without a license.

Subd. 6. **License cards and wall certificates.** (a) The fee for a license card as specified in section 148E.095 is $10.

(b) The fee for a license wall certificate as specified in section 148E.095 is $30.

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Subd. 7. **Reactivation fees.** Reactivation fees are ~~as follows~~ the following nonrefundable amounts:

(1) reactivation from a temporary leave or emeritus status, the prorated share of the renewal fee specified in subdivision 3; and

(2) reactivation of an expired license, 1-1/2 times the renewal fees specified in subdivision 3.

Sec. 33. Minnesota Statutes 2016, section 150A.06, subdivision 1a, is amended to read:

Subd. 1a. **Faculty dentists.** (a) Faculty members of a school of dentistry must be licensed in order to practice dentistry as defined in section 150A.05. The board may issue to members of the faculty of a school of dentistry a license designated as either a "limited faculty license" or a "full faculty license" entitling the holder to practice dentistry within the terms described in paragraph (b) or (c). The dean of a school of dentistry and program directors of a Minnesota dental hygiene, dental therapy, or dental assisting school accredited by the Commission on Dental Accreditation shall certify to the board those members of the school's faculty who practice dentistry but are not licensed to practice dentistry in Minnesota. A faculty member who practices dentistry as defined in section 150A.05, before beginning duties in a school of dentistry ~~or a~~, dental therapy, dental hygiene, or dental assisting ~~school,~~ shall apply to the board for a limited or full faculty license. Pursuant to Minnesota Rules, chapter 3100, and at the discretion of the board, a limited faculty license must be renewed annually and a full faculty license must be renewed biennially. The faculty applicant shall pay a nonrefundable fee set by the board for issuing and renewing the faculty license. The faculty license is valid during the time the holder remains a member of the faculty of a school of dentistry ~~or a~~, dental therapy, dental hygiene, or dental assisting ~~school~~ and subjects the holder to this chapter.

(b) The board may issue to dentist members of the faculty of a Minnesota school of dentistry, dental therapy, dental hygiene, or dental assisting accredited by the Commission on Dental Accreditation, a license designated as a limited faculty license entitling the holder to practice dentistry within the school and its affiliated teaching facilities, but only for the purposes of teaching or conducting research. The practice of dentistry at a school facility for purposes other than teaching or research is not allowed unless the dentist was a faculty member on August 1, 1993.

(c) The board may issue to dentist members of the faculty of a Minnesota school of dentistry, dental therapy, dental hygiene, or dental assisting accredited by the Commission on Dental Accreditation a license designated as a full faculty license entitling the holder to practice dentistry within the school and its affiliated ~~teaching~~ facilities ~~and elsewhere~~ if the holder of the license is employed ~~50 percent time or more~~ full time by the school in the practice of teaching, supervising, or research, and upon successful review by the board of the applicant's qualifications as described in subdivisions 1, 1c, and 4 and board rule. The board, at its discretion, may waive specific licensing prerequisites.

Sec. 34. Minnesota Statutes 2016, section 150A.06, is amended by adding a subdivision to read:

Subd. 10. **Emeritus inactive license.** (a) A dental professional licensed under this chapter to practice dentistry, dental therapy, dental hygiene, or dental assisting who retires from active practice in the state may apply to the board for an emeritus inactive license. An applicant must apply for an emeritus inactive license on the biennial licensing form or by petitioning the board.

(b) The board shall not grant an emeritus inactive license to an applicant who is the subject of a disciplinary action resulting in the current suspension, revocation, disqualification, condition, or restriction of the applicant's license to practice dentistry, dental therapy, dental hygiene, or dental assisting.

(c) An emeritus inactive licensee is prohibited from practicing dentistry, dental therapy, dental hygiene, or dental assisting. An emeritus inactive license is a formal recognition of completion of the licensee's dental career in good standing.

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(d) The board shall charge a onetime fee for issuance of an emeritus inactive license, pursuant to section 150A.091.

Sec. 35. Minnesota Statutes 2016, section 150A.06, is amended by adding a subdivision to read:

Subd. 11. **Emeritus active license.** (a) A dental professional licensed to practice dentistry, dental therapy, dental hygiene, or dental assisting, pursuant to section 150A.05 and Minnesota Rules, part 3100.8500, who declares retirement from active practice in the state may apply to the board for an emeritus active license. An applicant must apply for an emeritus active license on a form as required by the board.

(b) An emeritus active licensee may engage only in pro bono or volunteer practice, paid practice not to exceed 240 hours per calendar year for the purpose of providing license supervision to meet board requirements, and paid consulting services not to exceed 240 hours per calendar year.

(c) An emeritus active licensee is prohibited from representing that the licensee is authorized to engage in any practice except as provided in paragraph (b). The board may take disciplinary or corrective action against an emeritus active licensee as provided in section 150A.08.

(d) An emeritus active license must be renewed biennially. The renewal requirements for an emeritus active license are:

(1) completion of a renewal form as required by the board;

(2) payment of a renewal fee pursuant to section 150A.091; and

(3) reporting of 25 completed continuing education hours, which must include:

(i) courses in two required CORE areas;

(ii) one hour of credit on infection control;

(iii) for emeritus active licenses in dentistry and dental therapy, at least 15 fundamental credits and no more than ten elective credits; and

(iv) for emeritus active licenses in dental hygiene and dental assisting, at least seven fundamental credits and no more than six elective credits.

Sec. 36. Minnesota Statutes 2016, section 150A.091, is amended by adding a subdivision to read:

Subd. 19. **Emeritus inactive license.** Each applicant shall submit with an application for an emeritus inactive license a onetime, nonrefundable fee in the amount of $50.

Sec. 37. Minnesota Statutes 2016, section 150A.091, is amended by adding a subdivision to read:

Subd. 20. **Emeritus active license.** Each applicant shall submit with an application for an emeritus inactive license, and each emeritus active licensee shall submit with a renewal application, a nonrefundable fee as follows:

(1) for an emeritus active license in dentistry, $212;

(2) for an emeritus active license in dental therapy, $100;

(3) for an emeritus active license in dental hygiene, $75; and

(4) for an emeritus active license in dental assisting, $55.

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Sec. 38. Minnesota Statutes 2016, section 151.15, is amended by adding a subdivision to read:

Subd. 5. **Receipt of emergency prescription orders.** A pharmacist, when that pharmacist is not present within a licensed pharmacy, may accept a written, verbal, or electronic prescription drug order from a practitioner only if:

(1) the prescription drug order is for an emergency situation where waiting for the licensed pharmacy from which the prescription will be dispensed to open would likely cause the patient to experience significant physical harm or discomfort;

(2) the pharmacy from which the prescription drug order will be dispensed is closed for business;

(3) the pharmacist has been designated to be on call for the licensed pharmacy that will fill the prescription drug order;

(4) in the case of an electronic prescription drug order, the order must be received through secure and encrypted electronic means;

(5) the pharmacist takes reasonable precautions to ensure that the prescription drug order will be handled in a manner consistent with federal and state statutes regarding the handling of protected health information; and

(6) the pharmacy from which the prescription drug order will be dispensed has relevant and appropriate policies and procedures in place and makes them available to the board upon request.

Sec. 39. Minnesota Statutes 2016, section 151.15, is amended by adding a subdivision to read:

Subd. 6. **Processing of emergency prescription orders.** A pharmacist, when that pharmacist is not present within a licensed pharmacy, may access a pharmacy prescription processing system through secure and encrypted electronic means in order to process an emergency prescription accepted pursuant to subdivision 5 only if:

(1) the pharmacy from which the prescription drug order will be dispensed is closed for business;

(2) the pharmacist has been designated to be on call for the licensed pharmacy that will fill the prescription drug order;

(3) the prescription drug order is for a patient of a long-term care facility or a county correctional facility;

(4) the prescription drug order is processed pursuant to this chapter and rules adopted under this chapter; and

(5) the pharmacy from which the prescription drug order will be dispensed has relevant and appropriate policies and procedures in place and makes them available to the board upon request.

Sec. 40. Minnesota Statutes 2016, section 151.19, subdivision 1, is amended to read:

Subdivision 1. **Pharmacy licensure requirements.** (a) No person shall operate a pharmacy without first obtaining a license from the board and paying any applicable fee specified in section 151.065. The license shall be displayed in a conspicuous place in the pharmacy for which it is issued and expires on June 30 following the date of issue. It is unlawful for any person to operate a pharmacy unless the license has been issued to the person by the board.

(b) Application for a pharmacy license under this section shall be made in a manner specified by the board.

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(c) No license shall be issued or renewed for a pharmacy located within the state unless the applicant agrees to operate the pharmacy in a manner prescribed by federal and state law and according to rules adopted by the board. No license shall be issued for a pharmacy located outside of the state unless the applicant agrees to operate the pharmacy in a manner prescribed by federal law and, when dispensing medications for residents of this state, the laws of this state, and Minnesota Rules.

(d) No license shall be issued or renewed for a pharmacy that is required to be licensed or registered by the state in which it is physically located unless the applicant supplies the board with proof of such licensure or registration.

(e) The board shall require a separate license for each pharmacy located within the state and for each pharmacy located outside of the state at which any portion of the dispensing process occurs for drugs dispensed to residents of this state.

(f) The board shall not issue an initial or renewed license for a pharmacy unless the pharmacy passes an inspection conducted by an authorized representative of the board. In the case of a pharmacy located outside of the state, the board may require the applicant to pay the cost of the inspection, in addition to the license fee in section 151.065, unless the applicant furnishes the board with a report, issued by the appropriate regulatory agency of the state in which the facility is located, of an inspection that has occurred within the 24 months immediately preceding receipt of the license application by the board. The board may deny licensure unless the applicant submits documentation satisfactory to the board that any deficiencies noted in an inspection report have been corrected.

(g) The board shall not issue an initial or renewed license for a pharmacy located outside of the state unless the applicant discloses and certifies:

(1) the location, names, and titles of all principal corporate officers and all pharmacists who are involved in dispensing drugs to residents of this state;

(2) that it maintains its records of drugs dispensed to residents of this state so that the records are readily retrievable from the records of other drugs dispensed;

(3) that it agrees to cooperate with, and provide information to, the board concerning matters related to dispensing drugs to residents of this state;

(4) that, during its regular hours of operation, but no less than six days per week, for a minimum of 40 hours per week, a toll-free telephone service is provided to facilitate communication between patients in this state and a pharmacist at the pharmacy who has access to the patients' records; the toll-free number must be disclosed on the label affixed to each container of drugs dispensed to residents of this state; and

(5) that, upon request of a resident of a long-term care facility located in this state, the resident's authorized representative, or a contract pharmacy or licensed health care facility acting on behalf of the resident, the pharmacy will dispense medications prescribed for the resident in unit-dose packaging or, alternatively, comply with section 151.415, subdivision 5.

(h) This subdivision does not apply to a manufacturer licensed under section 151.252, subdivision 1, a wholesale drug distributor licensed under section 151.47, or a third-party logistics provider, to the extent the manufacturer, wholesale drug distributor, or third-party logistics provider is engaged in the distribution of dialysate or devices necessary to perform home peritoneal dialysis on patients with end-stage renal disease, if:

(1) the manufacturer or its agent leases or owns the licensed manufacturing or wholesaling facility from which the dialysate or devices will be delivered;

(2) the dialysate is comprised of dextrose or icodextrin and has been approved by the United States Food and Drug Administration;

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(3) the dialysate is stored and delivered in its original, sealed, and unopened manufacturer's packaging;

(4) the dialysate or devices are delivered only upon:

(i) receipt of a physician's order by a Minnesota licensed pharmacy; and

(ii) the review and processing of the prescription by a pharmacist licensed by the state in which the pharmacy is located, who is employed by or under contract to the pharmacy;

(5) prescriptions, policies, procedures, and records of delivery are maintained by the manufacturer for a minimum of three years and are made available to the board upon request; and

(6) the manufacturer or the manufacturer's agent delivers the dialysate or devices directly to:

(i) a patient with end-stage renal disease for whom the prescription was written or the patient's designee, for the patient's self-administration of the dialysis therapy; or

(ii) a health care provider or institution, for administration or delivery of the dialysis therapy to a patient with end-stage renal disease for whom the prescription was written.

Sec. 41. Minnesota Statutes 2016, section 151.46, is amended to read:

151.46 PROHIBITED DRUG PURCHASES OR RECEIPT.

It is unlawful for any person to knowingly purchase or receive a prescription drug from a source other than a person or entity licensed under the laws of the state, except where otherwise provided. Licensed wholesale drug distributors other than pharmacies shall not dispense or distribute prescription drugs directly to patients except for licensed facilities that dispense or distribute home peritoneal dialysis products directly to patients pursuant to section 151.19, subdivision 1, paragraph (h). A person violating the provisions of this section is guilty of a misdemeanor.

Sec. 42. Minnesota Statutes 2016, section 214.075, subdivision 1, is amended to read:

Subdivision 1. **Applications.** (a) ~~By January 1, 2018,~~ Each health-related licensing board, as defined in section 214.01, subdivision 2, shall require ~~applicants for initial licensure, licensure by endorsement, or reinstatement or other relicensure after a lapse in licensure, as defined by the individual health-related licensing boards,~~ the following individuals to submit to a criminal history records check of state data completed by the Bureau of Criminal Apprehension (BCA) and a national criminal history records check, including a search of the records of the Federal Bureau of Investigation (FBI)~~.~~:

(1) applicants for initial licensure or licensure by endorsement. An applicant is exempt from this paragraph if the applicant submitted to a state and national criminal history records check as described in this paragraph for a license issued by the same board;

(2) applicants seeking reinstatement or relicensure, as defined by the individual health-related licensing board, if more than one year has elapsed since the applicant's license or registration expiration date; or

(3) licensees applying for eligibility to participate in an interstate licensure compact.

(b) ~~An applicant must complete a criminal background check if more than one year has elapsed since the applicant last submitted a background check to the board.~~ An applicant's criminal background check results are valid for one year from the date the background check results were received by the board. If more than one year has elapsed since the results were received by the board, then an applicant who has not completed the licensure, reinstatement, or relicensure process must complete a new background check.

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Sec. 43. Minnesota Statutes 2016, section 214.075, subdivision 4, is amended to read:

Subd. 4. **Refusal to consent.** (a) The health-related licensing boards shall not issue a license to any applicant who refuses to consent to a criminal background check or fails to submit fingerprints ~~within 90 days~~ after submission of an application for licensure. Any fees paid by the applicant to the board shall be forfeited if the applicant refuses to consent to the criminal background check or fails to submit the required fingerprints.

(b) The failure of a licensee to submit to a criminal background check as provided in subdivision 3 is grounds for disciplinary action by the respective health-related licensing board.

Sec. 44. Minnesota Statutes 2016, section 214.075, subdivision 5, is amended to read:

Subd. 5. **Submission of fingerprints to the Bureau of Criminal Apprehension.** The health-related licensing board or designee shall submit applicant or licensee fingerprints to the BCA. The BCA shall perform a check for state criminal justice information and shall forward the applicant's or licensee's fingerprints to the FBI to perform a check for national criminal justice information regarding the applicant or licensee. The BCA shall report to the board the results of the state and national criminal ~~justice information~~ history records checks.

Sec. 45. Minnesota Statutes 2016, section 214.075, subdivision 6, is amended to read:

Subd. 6. **Alternatives to fingerprint-based criminal background checks.** The health-related licensing board may require an alternative method of criminal history checks for an applicant or licensee who has submitted at least ~~three~~ two sets of fingerprints in accordance with this section that have been unreadable by the BCA or the FBI.

Sec. 46. Minnesota Statutes 2016, section 214.077, is amended to read:

214.077 TEMPORARY LICENSE SUSPENSION; IMMINENT RISK OF SERIOUS HARM.

(a) Notwithstanding any provision of a health-related professional practice act, when a health-related licensing board receives a complaint regarding a regulated person and has probable cause to believe that the regulated person has violated a statute or rule that the health-related licensing board is empowered to enforce, and continued practice by the regulated person presents an imminent risk of serious harm, the health-related licensing board shall issue an order temporarily suspending the regulated person's authority to practice. The temporary suspension order shall specify the reason for the suspension, including the statute or rule alleged to have been violated. The temporary suspension order shall take effect upon personal service on the regulated person or the regulated person's attorney, or upon the third calendar day after the order is served by first class mail to the most recent address provided to the health-related licensing board for the regulated person or the regulated person's attorney.

(b) The temporary suspension shall remain in effect until the health-related licensing board or the commissioner completes an investigation, holds a contested case hearing pursuant to the Administrative Procedure Act, and issues a final order in the matter as provided for in this section.

(c) At the time it issues the temporary suspension order, the health-related licensing board shall schedule a contested case hearing, on the merits of whether discipline is warranted, to be held pursuant to the Administrative Procedure Act. The regulated person shall be provided with at least ten days' notice of any contested case hearing held pursuant to this section. The contested case hearing shall be scheduled to begin no later than 30 days after the effective service of the temporary suspension order.

(d) The administrative law judge presiding over the contested case hearing shall issue a report and recommendation to the health-related licensing board no later than 30 days after the final day of the contested

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case hearing. If the administrative law judge's report and recommendations are for no action, the health-related licensing board shall issue a final order pursuant to sections 14.61 and 14.62 within 30 days of receipt of the administrative law judge's report and recommendations. If the administrative law judge's report and recommendations are for action, the health-related licensing board shall issue a final order pursuant to sections 14.61 and 14.62 within 60 days of receipt of the administrative law judge's report and recommendations. Except as provided in paragraph (e), if the health-related licensing board has not issued a final order pursuant to sections 14.61 and 14.62 within 30 days of receipt of the administrative law judge's report and recommendations for no action or within 60 days of receipt of the administrative law judge's report and recommendations for action, the temporary suspension shall be lifted.

(e) If the regulated person requests a delay in the contested case proceedings provided for in paragraphs (c) and (d) for any reason, the temporary suspension shall remain in effect until the health-related licensing board issues a final order pursuant to sections 14.61 and 14.62.

(f) This section shall not apply to the Office of Unlicensed Complementary and Alternative Health Practice established under section 146A.02. The commissioner of health shall conduct temporary suspensions for complementary and alternative health care practitioners in accordance with section 146A.09.

Sec. 47. Minnesota Statutes 2016, section 214.10, subdivision 8, is amended to read:

Subd. 8. **Special requirements for health-related licensing boards.** In addition to the provisions of this section that apply to all examining and licensing boards, the requirements in this subdivision apply to all health-related licensing boards, except the Board of Veterinary Medicine.

(a) If the executive director or consulted board member determines that a communication received alleges a violation of statute or rule that involves sexual contact with a patient or client, the communication shall be forwarded to the designee of the attorney general for an investigation of the facts alleged in the communication. If, after an investigation it is the opinion of the executive director or consulted board member that there is sufficient evidence to justify disciplinary action, the board shall conduct a disciplinary conference or hearing. If, after a hearing or disciplinary conference the board determines that misconduct involving sexual contact with a patient or client occurred, the board shall take disciplinary action. Notwithstanding subdivision 2, a board may not attempt to correct improper activities or redress grievances through education, conciliation, and persuasion, unless in the opinion of the executive director or consulted board member there is insufficient evidence to justify disciplinary action. The board may settle a case by stipulation prior to, or during, a hearing if the stipulation provides for disciplinary action.

(b) A board member who has a direct current or former financial connection or professional relationship to a person who is the subject of board disciplinary activities must not participate in board activities relating to that case.

(c) Each health-related licensing board shall establish procedures for exchanging information with other Minnesota state boards, agencies, and departments responsible for regulating health-related occupations, facilities, and programs, and for coordinating investigations involving matters within the jurisdiction of more than one regulatory body. The procedures must provide for the forwarding to other regulatory bodies of all information and evidence, including the results of investigations, that are relevant to matters within that licensing body's regulatory jurisdiction. Each health-related licensing board shall have access to any data of the Department of Human Services relating to a person subject to the jurisdiction of the licensing board. The data shall have the same classification under chapter 13, the Minnesota Government Data Practices Act, in the hands of the agency receiving the data as it had in the hands of the Department of Human Services.

(d) Each health-related licensing board shall establish procedures for exchanging information with other states regarding disciplinary actions against licensees. The procedures must provide for the collection of information from other states about disciplinary actions taken against persons who are licensed to practice in Minnesota or who have applied to be licensed in this state and the dissemination of information to other

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states regarding disciplinary actions taken in Minnesota. In addition to any authority in chapter 13 permitting the dissemination of data, the board may, in its discretion, disseminate data to other states regardless of its classification under chapter 13. Criminal history record information shall not be exchanged. Before transferring any data that is not public, the board shall obtain reasonable assurances from the receiving state that the data will not be made public.

Sec. 48. Minnesota Statutes 2016, section 214.12, is amended by adding a subdivision to read:

Subd. 6. **Opioid and controlled substances prescribing.** (a) The Board of Medical Practice, the Board of Nursing, the Board of Dentistry, the Board of Optometry, and the Board of Podiatric Medicine shall require that licensees with the authority to prescribe controlled substances obtain at least two hours of continuing education credit on best practices in prescribing opioids and controlled substances, as part of the continuing education requirements for licensure renewal. Licensees shall not be required to complete more than two credit hours of continuing education on best practices in prescribing opioids and controlled substances before this subdivision expires. Continuing education credit on best practices in prescribing opioids and controlled substances must meet board requirements.

(b) This subdivision expires January 1, 2023.

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 49. Minnesota Statutes 2017 Supplement, section 364.09, is amended to read:

364.09 EXCEPTIONS.

(a) This chapter does not apply to the licensing process for peace officers; to law enforcement agencies as defined in section 626.84, subdivision 1, paragraph (f); to fire protection agencies; to eligibility for a private detective or protective agent license; to the licensing and background study process under chapters 245A and 245C; to the licensing and background investigation process under chapter 240; to eligibility for school bus driver endorsements; to eligibility for special transportation service endorsements; to eligibility for a commercial driver training instructor license, which is governed by section 171.35 and rules adopted under that section; to emergency medical services personnel, or to the licensing by political subdivisions of taxicab drivers, if the applicant for the license has been discharged from sentence for a conviction within the ten years immediately preceding application of a violation of any of the following:

(1) sections 609.185 to 609.2114, 609.221 to 609.223, 609.342 to 609.3451, or 617.23, subdivision 2 or 3; or Minnesota Statutes 2012, section 609.21;

(2) any provision of chapter 152 that is punishable by a maximum sentence of 15 years or more; or

(3) a violation of chapter 169 or 169A involving driving under the influence, leaving the scene of an accident, or reckless or careless driving.

This chapter also shall not apply to eligibility for juvenile corrections employment, where the offense involved child physical or sexual abuse or criminal sexual conduct.

(b) This chapter does not apply to a school district or to eligibility for a license issued or renewed by the Professional Educator Licensing and Standards Board or the commissioner of education.

(c) Nothing in this section precludes the Minnesota Police and Peace Officers Training Board or the state fire marshal from recommending policies set forth in this chapter to the attorney general for adoption in the attorney general's discretion to apply to law enforcement or fire protection agencies.

~~(d) This chapter does not apply to a license to practice medicine that has been denied or revoked by the Board of Medical Practice pursuant to section 147.091, subdivision 1a.~~

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~~(e) This chapter does not apply to any person who has been denied a license to practice chiropractic or whose license to practice chiropractic has been revoked by the board in accordance with section 148.10, subdivision 7.~~

~~(f) This chapter does not apply to any license, registration, or permit that has been denied or revoked by the Board of Nursing in accordance with section 148.261, subdivision 1a.~~

~~(g)~~ (d) This chapter does not apply to any license, registration, permit, or certificate that has been denied or revoked by the commissioner of health according to section 148.5195, subdivision 5; or 153A.15, subdivision 2.

~~(h)~~ (e) This chapter does not supersede a requirement under law to conduct a criminal history background investigation or consider criminal history records in hiring for particular types of employment.

(f) This chapter does not apply to the licensing or registration process for, or to any license, registration, or permit that has been denied or revoked by, a health-related licensing board listed in section 214.01, subdivision 2.

Sec. 50. **GUIDELINES AUTHORIZING PATIENT-ASSISTED MEDICATION ADMINISTRATION.**

(a) Within the limits of the board's available appropriation, the Emergency Medical Services Regulatory Board shall propose guidelines authorizing EMTs, AEMTs, and paramedics certified under Minnesota Statutes, section 144E.28, to assist a patient in emergency situations with administering prescription medications that are:

(1) carried by a patient;

(2) intended to treat adrenal insufficiency or other rare conditions that require emergency treatment with a previously prescribed medication;

(3) intended to treat a specific life-threatening condition; and

(4) administered via routes of delivery that are within the scope of training of the EMT, AEMT, or paramedic.

(b) The proposed guidelines shall include language that requires the ambulance service to be available to patients or their caregivers who have medical conditions identified in paragraph (a) to define the patient's needs and, when appropriate, develop specific care plans and provide education or other resources at the discretion of the ambulance service medical director.

(c) The Emergency Medical Services Regulatory Board shall submit the proposed guidelines and draft legislation as necessary to the chairs and ranking minority members of the legislative committees with jurisdiction over health care by January 1, 2019.

Sec. 51. **REPEALER.**

(a) Minnesota Statutes 2016, section 214.075, subdivision 8, is repealed.

(b) Minnesota Rules, part 5600.0605, subparts 5 and 8, are repealed.

ARTICLE 38

OPIOIDS AND PRESCRIPTION DRUGS

Section 1. Minnesota Statutes 2017 Supplement, section 152.105, subdivision 2, is amended to read:

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Subd. 2. **Sheriff to maintain collection receptacle or medicine disposal program.** (a) The sheriff of each county shall maintain or contract for the maintenance of at least one collection receptacle or implement a medicine disposal program for the disposal of noncontrolled substances, pharmaceutical controlled substances, and other legend drugs, as permitted by federal law. For purposes of this section, "legend drug" has the meaning given in section 151.01, subdivision 17. The collection receptacle and medicine disposal program must comply with federal law. In maintaining and operating the collection receptacle or medicine disposal program, the sheriff shall follow all applicable provisions of Code of Federal Regulations, title 21, parts 1300, 1301, 1304, 1305, 1307, and 1317, as amended through May 1, 2017.

(b) For purposes of this subdivision:

(1) a medicine disposal program means providing to the public educational information, and making materials available for safely destroying unwanted legend drugs, including, but not limited to, drug destruction bags or drops; and

(2) a collection receptacle means the operation and maintenance of at least one drop-off receptacle.

Sec. 2. Minnesota Statutes 2016, section 152.11, subdivision 2, is amended to read:

Subd. 2. **Prescription requirements for Schedule III or IV controlled substances.** No person may dispense a controlled substance included in Schedule III or IV of section 152.02 without a prescription issued, as permitted under subdivision 1, by a doctor of medicine, a doctor of osteopathic medicine licensed to practice medicine, a doctor of dental surgery, a doctor of dental medicine, a doctor of podiatry, a doctor of optometry limited to Schedule IV, or a doctor of veterinary medicine, lawfully licensed to prescribe in this state or from a practitioner licensed to prescribe controlled substances by the state in which the prescription is issued, and having a current federal drug enforcement administration registration number. Such prescription may not be dispensed or refilled except with the documented consent of the prescriber, and in no event more than six months after the date on which such prescription was issued, unless a shorter period of time is specified in subdivision 5, and no such prescription may be refilled more than five times.

Sec. 3. Minnesota Statutes 2016, section 152.11, is amended by adding a subdivision to read:

Subd. 5. **Limitations on the dispensing of opioid prescription drug orders.** (a) No prescription drug order for an opioid drug listed in Schedule II may be dispensed by a pharmacist or other dispenser more than 30 days after the date on which the prescription drug order was issued.

(b) No prescription drug order for an opioid drug listed in Schedules III through V may be initially dispensed by a pharmacist or other dispenser more than 30 days after the date on which the prescription drug order was issued. No prescription drug order for an opioid drug listed in Schedules III through V may be refilled by a pharmacist or other dispenser more than 45 days after the previous date on which it was dispensed.

(c) For purposes of this section, "dispenser" has the meaning given in section 152.126, subdivision 1.

Sec. 4. Minnesota Statutes 2016, section 152.126, subdivision 2, is amended to read:

Subd. 2. **Prescription electronic reporting system.** (a) The board shall establish by January 1, 2010, an electronic system for reporting the information required under subdivision 4 for all controlled substances dispensed within the state.

(b) The board may contract with a vendor for the purpose of obtaining technical assistance in the design, implementation, operation, and maintenance of the electronic reporting system.

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(c) Before entering into a new contract or before renegotiating a current contract with a private vendor for the operation of the prescription monitoring program, the Board of Pharmacy must: (1) ensure that the vendor complies with the National Institute Standards and Technology standards for interoperability, security, and ongoing support; and (2) provide at least 30 days' notice to the Legislative Advisory Commission. The board may enter into a new contract or renegotiate a current contract only if the Legislative Advisory Commission provides a positive recommendation or no recommendation, and shall not enter into a new contract or renegotiate a current contract if the Legislative Advisory Commission provides a negative recommendation.

Sec. 5. Minnesota Statutes 2016, section 152.126, subdivision 6, is amended to read:

Subd. 6. **Access to reporting system data.** (a) Except as indicated in this subdivision, the data submitted to the board under subdivision 4 is private data on individuals as defined in section 13.02, subdivision 12, and not subject to public disclosure.

(b) Except as specified in subdivision 5, the following persons shall be considered permissible users and may access the data submitted under subdivision 4 in the same or similar manner, and for the same or similar purposes, as those persons who are authorized to access similar private data on individuals under federal and state law:

(1) a prescriber or an agent or employee of the prescriber to whom the prescriber has delegated the task of accessing the data, to the extent the information relates specifically to a current patient, to whom the prescriber is:

(i) prescribing or considering prescribing any controlled substance;

(ii) providing emergency medical treatment for which access to the data may be necessary;

(iii) providing care, and the prescriber has reason to believe, based on clinically valid indications, that the patient is potentially abusing a controlled substance; or

(iv) providing other medical treatment for which access to the data may be necessary for a clinically valid purpose and the patient has consented to access to the submitted data, and with the provision that the prescriber remains responsible for the use or misuse of data accessed by a delegated agent or employee;

(2) a dispenser or an agent or employee of the dispenser to whom the dispenser has delegated the task of accessing the data, to the extent the information relates specifically to a current patient to whom that dispenser is dispensing or considering dispensing any controlled substance and with the provision that the dispenser remains responsible for the use or misuse of data accessed by a delegated agent or employee;

(3) a licensed pharmacist who is providing pharmaceutical care for which access to the data may be necessary to the extent that the information relates specifically to a current patient for whom the pharmacist is providing pharmaceutical care: (i) if the patient has consented to access to the submitted data; or (ii) if the pharmacist is consulted by a prescriber who is requesting data in accordance with clause (1);

(4) an individual who is the recipient of a controlled substance prescription for which data was submitted under subdivision 4, or a guardian of the individual, parent or guardian of a minor, or health care agent of the individual acting under a health care directive under chapter 145C. For purposes of this clause, access by individuals includes persons in the definition of an individual under section 13.02;

(5) personnel or designees of a health-related licensing board listed in section 214.01, subdivision 2, or of the Emergency Medical Services Regulatory Board, assigned to conduct a bona fide investigation of a complaint received by that board that alleges that a specific licensee is impaired by use of a drug for which data is collected under subdivision 4, has engaged in activity that would constitute a crime as defined in section 152.025, or has engaged in the behavior specified in subdivision 5, paragraph (a);

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(6) personnel of the board engaged in the collection, review, and analysis of controlled substance prescription information as part of the assigned duties and responsibilities under this section;

(7) authorized personnel of a vendor under contract with the state of Minnesota who are engaged in the design, implementation, operation, and maintenance of the prescription monitoring program as part of the assigned duties and responsibilities of their employment, provided that access to data is limited to the minimum amount necessary to carry out such duties and responsibilities, and subject to the requirement of de-identification and time limit on retention of data specified in subdivision 5, paragraphs (d) and (e);

(8) federal, state, and local law enforcement authorities acting pursuant to a valid search warrant;

(9) personnel of the Minnesota health care programs assigned to use the data collected under this section to identify and manage recipients whose usage of controlled substances may warrant restriction to a single primary care provider, a single outpatient pharmacy, and a single hospital;

(10) personnel of the Department of Human Services assigned to access the data pursuant to paragraph (i);

(11) personnel of the health professionals services program established under section 214.31, to the extent that the information relates specifically to an individual who is currently enrolled in and being monitored by the program, and the individual consents to access to that information. The health professionals services program personnel shall not provide this data to a health-related licensing board or the Emergency Medical Services Regulatory Board, except as permitted under section 214.33, subdivision 3.; and

~~For purposes of clause (4), access by an individual includes persons in the definition of an individual under section 13.02; and~~

(12) personnel or designees of a health-related licensing board listed in section 214.01, subdivision 2, assigned to conduct a bona fide investigation of a complaint received by that board that alleges that a specific licensee is inappropriately prescribing controlled substances as defined in this section.

(c) By July 1, 2017, every prescriber licensed by a health-related licensing board listed in section 214.01, subdivision 2, practicing within this state who is authorized to prescribe controlled substances for humans and who holds a current registration issued by the federal Drug Enforcement Administration, and every pharmacist licensed by the board and practicing within the state, shall register and maintain a user account with the prescription monitoring program. Data submitted by a prescriber, pharmacist, or their delegate during the registration application process, other than their name, license number, and license type, is classified as private pursuant to section 13.02, subdivision 12.

(d) Notwithstanding paragraph (b), beginning January 1, 2020, a prescriber who is practicing in an emergency department, urgent care clinic, or a walk-in health clinic offering health care services, or an agent or employee of the prescriber to whom the prescriber has delegated the task of accessing the data, must access the data submitted under subdivision 4 to the extent the information relates specifically to the patient before the prescriber issues a prescription order to the patient for a Schedule II through IV opiate controlled substance.

(e) Paragraph (d) does not apply if:

(1) due to a medical emergency, it is not possible for the prescriber to review the data before the prescriber issues the prescription order for the patient; or

(2) the prescriber is unable to access the data due to operational or other technological failure of the program so long as the prescriber reports the failure to the board.

(f) Only permissible users identified in paragraph (b), clauses (1), (2), (3), (6), (7), (9), and (10), may directly access the data electronically. No other permissible users may directly access the data electronically. If the data is directly accessed electronically, the permissible user shall implement and maintain a

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comprehensive information security program that contains administrative, technical, and physical safeguards that are appropriate to the user's size and complexity, and the sensitivity of the personal information obtained. The permissible user shall identify reasonably foreseeable internal and external risks to the security, confidentiality, and integrity of personal information that could result in the unauthorized disclosure, misuse, or other compromise of the information and assess the sufficiency of any safeguards in place to control the risks.

~~(e)~~ (g) The board shall not release data submitted under subdivision 4 unless it is provided with evidence, satisfactory to the board, that the person requesting the information is entitled to receive the data.

~~(f)~~ (h) The board shall maintain a log of all persons who access the data for a period of at least three years and shall ensure that any permissible user complies with paragraph (c) prior to attaining direct access to the data.

~~(g)~~ (i) Section 13.05, subdivision 6, shall apply to any contract the board enters into pursuant to subdivision 2. A vendor shall not use data collected under this section for any purpose not specified in this section.

~~(h)~~ (j) The board may participate in an interstate prescription monitoring program data exchange system provided that permissible users in other states have access to the data only as allowed under this section, and that section 13.05, subdivision 6, applies to any contract or memorandum of understanding that the board enters into under this paragraph.

~~(i)~~ (k) With available appropriations, the commissioner of human services shall establish and implement a system through which the Department of Human Services shall routinely access the data for the purpose of determining whether any client enrolled in an opioid treatment program licensed according to chapter 245A has been prescribed or dispensed a controlled substance in addition to that administered or dispensed by the opioid treatment program. When the commissioner determines there have been multiple prescribers or multiple prescriptions of controlled substances, the commissioner shall:

(1) inform the medical director of the opioid treatment program only that the commissioner determined the existence of multiple prescribers or multiple prescriptions of controlled substances; and

(2) direct the medical director of the opioid treatment program to access the data directly, review the effect of the multiple prescribers or multiple prescriptions, and document the review.

If determined necessary, the commissioner of human services shall seek a federal waiver of, or exception to, any applicable provision of Code of Federal Regulations, title 42, section 2.34, paragraph (c), prior to implementing this paragraph.

~~(j)~~ (l) The board shall review the data submitted under subdivision 4 on at least a quarterly basis and shall establish criteria, in consultation with the advisory task force, for referring information about a patient to prescribers and dispensers who prescribed or dispensed the prescriptions in question if the criteria are met. The board shall also submit an annual report to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance that provides information on the prescribing trends for opiates, including the number of opiate prescriptions issued for the previous calendar year.

Sec. 6. Minnesota Statutes 2016, section 152.126, subdivision 10, is amended to read:

Subd. 10. **Funding.** (a) The board may seek grants and private funds from nonprofit charitable foundations, the federal government, and other sources to fund the enhancement and ongoing operations of the prescription monitoring program established under this section. Any funds received shall be appropriated to the board for this purpose. The board may not expend funds to enhance the program in a way that conflicts with this section without seeking approval from the legislature.

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(b) Notwithstanding any other section, the administrative services unit for the health-related licensing boards shall apportion between the Board of Medical Practice, the Board of Nursing, the Board of Dentistry, the Board of Podiatric Medicine, the Board of Optometry, the Board of Veterinary Medicine, and the Board of Pharmacy an amount to be paid through fees by each respective board. The amount apportioned to each board shall equal each board's share of the annual appropriation to the Board of Pharmacy from the state government special revenue fund for operating the prescription monitoring program under this section. Each board's apportioned share shall be based on the number of prescribers or dispensers that each board identified in this paragraph licenses as a percentage of the total number of prescribers and dispensers licensed collectively by these boards. Each respective board may adjust the fees that the boards are required to collect to compensate for the amount apportioned to each board by the administrative services unit.

(c) The board shall have the authority to modify its contract with its vendor as provided in subdivision 2, to authorize that vendor to provide a service to prescribers and pharmacies that allows them to access prescription monitoring program data from within the electronic health record system or pharmacy software used by those prescribers and pharmacists. The board must ensure that the integration of access shall not modify any requirements or procedures in this section regarding the information that must be reported to the database, who can access the database and for what purpose, and the data classification of information in the database, and shall not require a prescriber to access the database prior to issuing a prescription for a controlled substance, other than as required under subdivision 6, paragraph (d). The board must also ensure that the vendor complies with the encryption of data requirement and the time limit on data retention specified in subdivision 5. Beginning July 1, 2018, the board has the authority to collect an annual fee from each prescriber or pharmacist who accesses prescription monitoring program data through the service offered by the vendor. The annual fee collected must not exceed $50 per user. The fees collected by the board under this paragraph shall be deposited in the state government special revenue fund and are appropriated to the board for the purposes of this paragraph.

Sec. 7. Minnesota Statutes 2017 Supplement, section 245G.05, subdivision 1, is amended to read:

Subdivision 1. **Comprehensive assessment.** (a) A comprehensive assessment of the client's substance use disorder must be administered face-to-face by an alcohol and drug counselor within three calendar days after service initiation for a residential program or during the initial session for all other programs. A program may permit a licensed staff person who is not qualified as an alcohol and drug counselor to interview the client in areas of the comprehensive assessment that are otherwise within the competencies and scope of practice of that licensed staff person and an alcohol and drug counselor does not need to be face-to-face with the client during this interview. The alcohol and drug counselor must review all of the information contained in a comprehensive assessment and, by signature, confirm the information is accurate and complete and meets the requirements for the comprehensive assessment. If the comprehensive assessment is not completed during the initial session, the client-centered reason for the delay must be documented in the client's file and the planned completion date. If the client received a comprehensive assessment that authorized the treatment service, an alcohol and drug counselor must review the assessment to determine compliance with this subdivision, including applicable timelines. If available, the alcohol and drug counselor may use current information provided by a referring agency or other source as a supplement. Information gathered more than 45 days before the date of admission is not considered current. The comprehensive assessment must include sufficient information to complete the assessment summary according to subdivision 2 and the individual treatment plan according to section 245G.06. The comprehensive assessment must include information about the client's needs that relate to substance use and personal strengths that support recovery, including:

(1) age, sex, cultural background, sexual orientation, living situation, economic status, and level of education;

(2) circumstances of service initiation;

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(3) previous attempts at treatment for substance misuse or substance use disorder, compulsive gambling, or mental illness;

(4) substance use history including amounts and types of substances used, frequency and duration of use, periods of abstinence, and circumstances of relapse, if any. For each substance used within the previous 30 days, the information must include the date of the most recent use and previous withdrawal symptoms;

(5) specific problem behaviors exhibited by the client when under the influence of substances;

(6) family status, family history, including history or presence of physical or sexual abuse, level of family support, and substance misuse or substance use disorder of a family member or significant other;

(7) physical concerns or diagnoses, the severity of the concerns, and whether the concerns are being addressed by a health care professional;

(8) mental health history and psychiatric status, including symptoms, disability, current treatment supports, and psychotropic medication needed to maintain stability; the assessment must utilize screening tools approved by the commissioner pursuant to section 245.4863 to identify whether the client screens positive for co-occurring disorders;

(9) arrests and legal interventions related to substance use;

(10) ability to function appropriately in work and educational settings;

(11) ability to understand written treatment materials, including rules and the client's rights;

(12) risk-taking behavior, including behavior that puts the client at risk of exposure to blood-borne or sexually transmitted diseases;

(13) social network in relation to expected support for recovery and leisure time activities that are associated with substance use;

(14) whether the client is pregnant and, if so, the health of the unborn child and the client's current involvement in prenatal care;

(15) whether the client recognizes problems related to substance use and is willing to follow treatment recommendations; and

(16) collateral information. If the assessor gathered sufficient information from the referral source or the client to apply the criteria in Minnesota Rules, parts 9530.6620 and 9530.6622, a collateral contact is not required.

(b) If the client is identified as having opioid use disorder or seeking treatment for opioid use disorder, the program must provide educational information to the client concerning:

(1) risks for opioid use disorder and dependence;

(2) treatment options, including the use of a medication for opioid use disorder;

(3) the risk of and recognizing opioid overdose; and

(4) the use, availability, and administration of naloxone to respond to opioid overdose.

(c) The commissioner shall develop educational materials that are supported by research and updated periodically. The license holder must use the educational materials that are approved by the commissioner to comply with this requirement.

(d) If the comprehensive assessment is completed to authorize treatment service for the client, at the earliest opportunity during the assessment interview the assessor shall determine if:

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(1) the client is in severe withdrawal and likely to be a danger to self or others;

(2) the client has severe medical problems that require immediate attention; or

(3) the client has severe emotional or behavioral symptoms that place the client or others at risk of harm.

If one or more of the conditions in clauses (1) to (3) are present, the assessor must end the assessment interview and follow the procedures in the program's medical services plan under section 245G.08, subdivision 2, to help the client obtain the appropriate services. The assessment interview may resume when the condition is resolved.

Sec. 8. Minnesota Statutes 2017 Supplement, section 254A.03, subdivision 3, is amended to read:

Subd. 3. **Rules for substance use disorder care.** (a) The commissioner of human services shall establish by rule criteria to be used in determining the appropriate level of chemical dependency care for each recipient of public assistance seeking treatment for substance misuse or substance use disorder. Upon federal approval of a comprehensive assessment as a Medicaid benefit, or on July 1, 2018, whichever is later, and notwithstanding the criteria in Minnesota Rules, parts 9530.6600 to 9530.6655, an eligible vendor of comprehensive assessments under section 254B.05 may determine and approve the appropriate level of substance use disorder treatment for a recipient of public assistance. The process for determining an individual's financial eligibility for the consolidated chemical dependency treatment fund or determining an individual's enrollment in or eligibility for a publicly subsidized health plan is not affected by the individual's choice to access a comprehensive assessment for placement.

(b) The commissioner shall develop and implement a utilization review process for publicly funded treatment placements to monitor and review the clinical appropriateness and timeliness of all publicly funded placements in treatment.

(c) Notwithstanding section 254B.05, subdivision 5, paragraph (b), clause (2), an individual employed by a county on July 1, 2018, who has been performing assessments for the purpose of Minnesota Rules, part 9530.6615, is qualified to perform a comprehensive assessment if the following conditions are met as of July 1, 2018:

(1) the individual is exempt from licensure under section 148F.11, subdivision 1;

(2) the individual is qualified as an assessor under Minnesota Rules, part 9530.6615, subpart 2; and

(3) the individual has three years employment as an assessor or is under the supervision of an individual who meets the requirements of an alcohol and drug counselor supervisor under section 245G.11, subdivision 4.

Beginning July 1, 2020, an individual who is qualified to do a comprehensive assessment under this paragraph must also demonstrate completion of the applicable coursework requirements of section 245G.11, subdivision 5, paragraph (b).

Sec. 9. Minnesota Statutes 2017 Supplement, section 254B.12, subdivision 3, is amended to read:

Subd. 3. **Chemical dependency provider rate increase.** For the chemical dependency services listed in section 254B.05, subdivision 5, and provided on or after July 1, ~~2017~~ 2018, payment rates shall be increased by ~~one~~ 1.74 percent over the rates in effect on January 1, ~~2017~~ 2018, for vendors who meet the requirements of section 254B.05.

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Sec. 10. **[256.043] OPIATE EPIDEMIC RESPONSE ACCOUNT.**

Subdivision 1. **Establishment.** The opiate epidemic response account is established in the special revenue fund in the state treasury.

Subd. 2. **Proposed grants.** By February 15 of each year, beginning February 15, 2019, the commissioner of human services, in consultation with the commissioners of health, education, and public safety, shall submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services, education, and public safety, outlining proposed projects to achieve the greatest impact and ensure a coordinated state effort to address the state's opioid addiction and overdose epidemic.

Subd. 3. **Use of account funds.** (a) Beginning in fiscal year 2019, money in the account shall be appropriated each fiscal year as specified in this subdivision.

(b) $213,000 is appropriated to the commissioner of management and budget for evaluation activities for selected projects.

(c) $384,000 is appropriated to the commissioner of public safety for Bureau of Criminal Apprehension drug scientists and lab supplies.

(d) Money remaining in the opiate epidemic response account after making the appropriations required in paragraphs (b) and (c) is appropriated to the commissioner of human services to be allocated as grants as specified by the legislature or as otherwise appropriated by the legislature.

Subd. 4. **Evaluations.** The commissioner of human services, in consultation with the commissioner of management and budget, and within available appropriations, shall select from the awarded grants, projects that include promising practices or theory-based activities for which the commissioner of management and budget shall conduct evaluations using experimental or quasi-experimental design. Grants awarded to proposals that are selected for an evaluation shall be administered to support the experimental or quasi-experimental evaluation and shall require the grantee to collect and report information that is needed to complete the evaluation. The commissioner of management and budget, under section 15.08, may obtain additional relevant data to support the experimental or quasi-experimental evaluation studies.

Sec. 11. Laws 2017, First Special Session chapter 6, article 10, section 144, is amended to read:

Sec. 144. **OPIOID ABUSE PREVENTION PILOT PROJECTS.**

(a) The commissioner of health shall establish opioid abuse prevention pilot projects in geographic areas throughout the state based on the most recently available data on opioid overdose and abuse rates, to reduce opioid abuse through the use of controlled substance care teams and community-wide coordination of abuse-prevention initiatives. The commissioner shall award grants to health care providers, health plan companies, local units of government, tribal governments, or other entities to establish pilot projects.

(b) Each pilot project must:

(1) be designed to reduce emergency room and other health care provider visits resulting from opioid use or abuse, and reduce rates of opioid addiction in the community;

(2) establish multidisciplinary controlled substance care teams, that may consist of physicians, pharmacists, social workers, nurse care coordinators, and mental health professionals;

(3) deliver health care services and care coordination, through controlled substance care teams, to reduce the inappropriate use of opioids by patients and rates of opioid addiction;

(4) address any unmet social service needs that create barriers to managing pain effectively and obtaining optimal health outcomes;

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(5) provide prescriber and dispenser education and assistance to reduce the inappropriate prescribing and dispensing of opioids;

(6) promote the adoption of best practices related to opioid disposal and reducing opportunities for illegal access to opioids; and

(7) engage partners outside of the health care system, including schools, law enforcement, and social services, to address root causes of opioid abuse and addiction at the community level.

(c) The commissioner shall contract with an accountable community for health that operates an opioid abuse prevention project, and can document success in reducing opioid use through the use of controlled substance care teams, to assist the commissioner in administering this section, and to provide technical assistance to the commissioner and to entities selected to operate a pilot project.

(d) The contract under paragraph (c) shall require the accountable community for health to evaluate the extent to which the pilot projects were successful in reducing the inappropriate use of opioids. The evaluation must analyze changes in the number of opioid prescriptions, the number of emergency room visits related to opioid use, and other relevant measures. The accountable community for health shall report evaluation results to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance and public safety by December 15, 2019, for projects that received funding in fiscal year 2018, and by December 15, 2021, for projects that received funding in fiscal year 2019.

(e) The commissioner may award one grant that, in addition to the other requirements of this section, allows a root cause approach to reduce opioid abuse in an American Indian community.

Sec. 12. Laws 2017, First Special Session chapter 6, article 12, section 2, subdivision 4, is amended to read:

Subd. 4. **Limit on quantity of opiates prescribed ~~for acute dental and ophthalmic pain~~.** (a) ~~When used for the treatment of acute dental pain or acute pain associated with refractive surgery, prescriptions for opiate or narcotic pain relievers listed in Schedules II through IV of section 152.02 shall not exceed a four-day supply. The quantity prescribed shall be consistent with the dosage listed in the professional labeling for the drug that has been approved by the United States Food and Drug Administration.~~ This subdivision applies to prescriptions issued for opiates or narcotic pain relievers listed in Schedule II through IV in Minnesota Statutes, section 152.02, that are prescribed for the treatment of acute pain. For purposes of this subdivision, "acute pain" means pain resulting from disease, accidental or intentional trauma, surgery, or another cause, that the practitioner reasonably expects to last only a short period of time. Acute pain does not include chronic pain or pain being treated as part of cancer care, palliative care, or hospice or other end-of-life care.

(b) ~~For the purposes of this subdivision, "acute pain" means pain resulting from disease, accidental or intentional trauma, surgery, or another cause, that the practitioner reasonably expects to last only a short period of time. Acute pain does not include chronic pain or pain being treated as part of cancer care, palliative care, or hospice or other end-of-life care.~~ For practitioners who are practicing in an emergency department, urgency care clinic, or a walk-in health care clinic, a prescription as described in paragraph (a) issued to a patient shall not exceed a three-day supply.

(c) ~~Notwithstanding paragraph (a), if in the professional clinical judgment of a practitioner more than a four-day supply of a prescription listed in Schedules II through IV of section 152.02 is required to treat a patient's acute pain, the practitioner may issue a prescription for the quantity needed to treat such acute pain.~~ For practitioners issuing a prescription for a drug described in paragraph (a) for the treatment of acute dental pain or acute pain associated with refractive surgery, the quantity prescribed shall not exceed a four-day supply.

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(d) For practitioners issuing a prescription for a drug described in paragraph (a), and paragraphs (b) and (c) do not apply, the quantity prescribed shall not exceed a seven-day supply for an adult and a five-day supply for a minor under 18 years of age.

(e) Notwithstanding paragraph (c) or (d), if in the professional clinical judgment of the practitioner, more than the limit specified in paragraph (c) or (d) is required to treat a patient's acute pain, the practitioner may issue a prescription for the quantity needed to treat the patient's acute pain.

Sec. 13. **OPIOID OVERDOSE REDUCTION PILOT PROGRAM.**

Subdivision 1. **Establishment.** The commissioner of health shall provide grants to ambulance services to fund activities by community paramedic teams to reduce opioid overdoses in the state. Under this pilot program, ambulance services shall develop and implement projects in which community paramedics connect with patients who are discharged from a hospital or emergency department following an opioid overdose episode, develop personalized care plans for those patients in consultation with the ambulance service medical director, and provide follow-up services to those patients.

Subd. 2. **Priority areas; services.** (a) In a project developed under this section, an ambulance service must target community paramedic team services to portions of the service area with high levels of opioid use, high death rates from opioid overdoses, and urgent needs for interventions.

(b) In a project developed under this section, a community paramedic team shall:

(1) provide services to patients released from a hospital or emergency department following an opioid overdose episode and place priority on serving patients who were administered the opiate antagonist naloxone hydrochloride by emergency medical services personnel in response to a 911 call during the opioid overdose episode;

(2) provide the following evaluations during an initial home visit: (i) a home safety assessment including whether there is a need to dispose of prescription drugs that are expired or no longer needed; (ii) medication compliance; (iii) an HIV risk assessment; (iv) instruction on the use of naloxone hydrochloride; and (v) a basic needs assessment;

(3) provide patients with health assessments, chronic disease monitoring and education, and assistance in following hospital discharge orders; and

(4) work with a multidisciplinary team to address the overall physical and mental health needs of patients and health needs related to substance use disorder treatment.

(c) An ambulance service receiving a grant under this section may use grant funds to cover the cost of evidence-based training in opioid addiction and recovery treatment.

Subd. 3. **Evaluation.** An ambulance service that receives a grant under this section shall evaluate the extent to which the project was successful in reducing the number of opioid overdoses and opioid overdose deaths among patients who received services and in reducing the inappropriate use of opioids by patients who received services. The commissioner of health shall develop specific evaluation measures and reporting timelines for ambulance services receiving grants. Ambulance services shall submit the information required by the commissioner to the commissioner and the commissioner shall submit a summary of the information reported by the ambulance services to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services by December 1, 2019.

ARTICLE 39

ELDERCARE AND VULNERABLE ADULT PROTECTIONS

Section 1. **CITATION.**

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Sections 1 to 61 may be cited as the "Eldercare and Vulnerable Adult Protection Act of 2018."

Sec. 2. Minnesota Statutes 2016, section 144.6501, subdivision 3, is amended to read:

Subd. 3. **Contracts of admission.** (a) A facility shall make complete unsigned copies of its admission contract available to potential applicants and to the state or local long-term care ombudsman immediately upon request.

(b) A facility shall post conspicuously within the facility, in a location accessible to public view, either a complete copy of its admission contract or notice of its availability from the facility.

(c) An admission contract must be printed in black type of at least ten-point type size. The facility shall give a complete copy of the admission contract to the resident or the resident's legal representative promptly after it has been signed by the resident or legal representative.

(d) The admission contract must contain the name, address, and contact information of the current owner, manager, and if different from the owner, license holder of the facility, and the name and physical mailing address of at least one natural person who is authorized to accept service of process.

~~(d)~~ (e) An admission contract is a consumer contract under sections 325G.29 to 325G.37.

~~(e)~~ (f) All admission contracts must state in bold capital letters the following notice to applicants for admission: "NOTICE TO APPLICANTS FOR ADMISSION. READ YOUR ADMISSION CONTRACT. ORAL STATEMENTS OR COMMENTS MADE BY THE FACILITY OR YOU OR YOUR REPRESENTATIVE ARE NOT PART OF YOUR ADMISSION CONTRACT UNLESS THEY ARE ALSO IN WRITING. DO NOT RELY ON ORAL STATEMENTS OR COMMENTS THAT ARE NOT INCLUDED IN THE WRITTEN ADMISSION CONTRACT."

Sec. 3. Minnesota Statutes 2016, section 144.6501, is amended by adding a subdivision to read:

Subd. 3a. **Changes to contracts of admission.** Within 30 days of a change in ownership, management, or license holder, the facility must provide prompt written notice to the resident or resident's legal representative of a new owner, manager, and if different from the owner, license holder of the facility, and the name and physical mailing address of any new or additional natural person not identified in the admission contract who is newly authorized to accept service of process.

Sec. 4. **[144.6502] AUTHORIZED ELECTRONIC MONITORING IN CERTAIN HEALTH CARE FACILITIES.**

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

(b) "Authorized electronic monitoring" means the placement and use of an electronic monitoring device by a resident in the resident's room or private living space in accordance with this section.

(c) "Commissioner" means the commissioner of health.

(d) "Department" means the Department of Health.

(e) "Electronic monitoring device" means a surveillance instrument with a fixed position video camera or an audio recording device, or both, that is installed in a resident's room or private living space and broadcasts or records activity or sounds occurring in the room or private living space.

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(f) "Facility" means a facility that is licensed as a nursing home under chapter 144A or as a boarding care home under sections 144.50 to 144.56, or registered as a housing with services establishment under chapter 144D that is also subject to chapter 144G.

(g) "Legal representative" means a court-appointed guardian or other representative with legal authority to make decisions about health care services for the resident, including a health care agent or an attorney-in-fact authorized through a health care directive or a power of attorney.

(h) "Resident" means a person 18 years of age or older residing in a facility.

Subd. 2. **Authorized electronic monitoring.** (a) A resident or a resident's legal representative may conduct authorized electronic monitoring of the resident's room or private living space through the use of electronic monitoring devices placed in the room or private living space as provided in this section.

(b) Nothing in this section allows the use of an electronic monitoring device to take still photographs or for the nonconsensual interception of private communications.

(c) Nothing in this section precludes the use of electronic monitoring of health care allowed under other law.

(d) Electronic monitoring authorized under this section, for the purpose of monitoring the actions of individuals other than the resident or to verify the delivery of services, is not a covered service under home and community-based waivers under sections 256B.0913, 256B.0915, 256B.092, and 256B.49.

Subd. 3. **Consent to electronic monitoring.** (a) Except as otherwise provided in this subdivision, a resident must consent to electronic monitoring in the resident's room or private living space in writing on a notification and consent form prescribed by the ombudsman for long-term care, in consultation with the department and representatives of facilities. If the resident has not affirmatively objected to electronic monitoring and the resident's physician determines that the resident lacks the ability to understand and appreciate the nature and consequences of electronic monitoring, the resident's legal representative may consent on behalf of the resident. For purposes of this subdivision, a resident affirmatively objects when the resident orally, visually, or through the use of auxiliary aids or services declines electronic monitoring. The resident's response must be documented on the notification and consent form.

(b) Prior to a resident's legal representative consenting on behalf of a resident, the resident must be asked by the resident's legal guardian in the presence of a facility employee if the resident wants electronic monitoring to be conducted. The resident's legal representative must explain to the resident:

(1) the type of electronic monitoring device to be used;

(2) the standard conditions that may be placed on the electronic monitoring device's use, including those listed in subdivision 5;

(3) with whom the recording may be shared under subdivision 9 or 10; and

(4) the resident's ability to decline all recording.

(c) A resident or roommate may consent to electronic monitoring with any conditions of the resident's or roommate's choosing, including the list of standard conditions provided in subdivision 5. A resident or roommate may request that the electronic monitoring device be turned off or the visual or audio recording component of the electronic monitoring device be blocked at any time.

(d) Prior to implementing electronic monitoring, a resident must obtain the written consent of any other resident residing in the room or private living space on the notification and consent form prescribed by the ombudsman for long-term care. Except as otherwise provided in this subdivision, a roommate must consent in writing to electronic monitoring in the resident's room or private living space. If the roommate has not affirmatively objected to electronic monitoring in accordance with this subdivision and the roommate's physician determines that the roommate lacks the ability to understand and appreciate the nature and

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consequences of electronic monitoring, the roommate's legal representative may consent on behalf of the roommate. Consent by a roommate under this paragraph authorizes the resident's use of any recording obtained under this section, as provided under subdivision 9 or 10.

(e) Any resident conducting authorized electronic monitoring must obtain consent from any new roommate before the resident may resume authorized electronic monitoring. If a new roommate does not consent to electronic monitoring and the resident conducting the electronic monitoring does not remove or disable the electronic monitoring device, the facility must remove the electronic monitoring device.

Subd. 4. **Withdrawal of consent; refusal of roommate to consent.** (a) Consent may be withdrawn by the resident or roommate at any time and the withdrawal of consent must be documented in the resident's clinical record. If a roommate withdraws consent and the resident conducting the electronic monitoring does not remove or disable the electronic monitoring device, the facility must remove the electronic monitoring device.

(b) If a resident of a nursing home or boarding care home who is residing in a shared room wants to conduct electronic monitoring and another resident living in or moving into the same shared room refuses to consent to the use of an electronic monitoring device, the facility shall make a reasonable attempt to accommodate the resident who wants to conduct electronic monitoring. A nursing home or boarding care home has met the requirement to make a reasonable attempt to accommodate a resident who wants to conduct electronic monitoring when, upon notification that a roommate has not consented to the use of an electronic monitoring device in the resident's room, the nursing home or boarding care home offers to move either resident to another shared room that is available at the time of the request. If a resident chooses to reside in a private room in a nursing home or boarding care home in order to accommodate the use of an electronic monitoring device, the resident must pay the private room rate. If a nursing home or boarding care home is unable to accommodate a resident due to lack of space, the nursing home or boarding care home must reevaluate the request every two weeks until the request is fulfilled. A nursing home or boarding care home is not required to provide a private room or a single-bed room to a resident who is not a private-pay resident.

Subd. 5. **Notice to facility; form requirements.** (a) Authorized electronic monitoring may begin only after the resident who intends to install an electronic monitoring device completes the notification and consent form prescribed by the ombudsman for long-term care and submits the form to the facility and the facility places the form in the resident's and any roommate's clinical records.

(b) The notification and consent form completed by the resident must include, at a minimum, the following information:

(1) the resident's signed consent to electronic monitoring or the signature of the resident's legal representative, if applicable. If a person other than the resident signs the consent form, the form must document the following:

(i) the date the resident was asked if the resident wants electronic monitoring to be conducted;

(ii) who was present when the resident was asked; and

(iii) an acknowledgment that the resident did not affirmatively object;

(2) the resident's roommate's signed consent or the signature of the roommate's legal representative, if applicable. If a roommate's legal representative signs the consent form, the form must document the following:

(i) the date the roommate was asked if the roommate wants electronic monitoring to be conducted;

(ii) who was present when the roommate was asked; and

(iii) an acknowledgment that the roommate did not affirmatively object;

(3) the type of electronic monitoring device to be used;

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(4) any installation needs, such as mounting of a device to a wall or ceiling;

(5) the proposed date of installation for scheduling purposes;

(6) a list of standard conditions or restrictions that the resident or a roommate may elect to place on the use of the electronic monitoring device, including, but not limited to:

(i) prohibiting audio recording;

(ii) prohibiting video recording;

(iii) prohibiting broadcasting of audio or video;

(iv) turning off the electronic monitoring device or blocking the visual recording component of the electronic monitoring device for the duration of an exam or procedure by a health care professional;

(v) turning off the electronic monitoring device or blocking the visual recording component of the electronic monitoring device while dressing or bathing is performed; and

(vi) turning off the electronic monitoring device for the duration of a visit with a spiritual advisor, ombudsman, attorney, financial planner, intimate partner, or other visitor;

(7) any other condition or restriction elected by the resident or roommate on the use of an electronic monitoring device; and

(8) a signature box for documenting that the resident or roommate has withdrawn consent.

(c) A copy of the completed notification and consent form must be placed in the resident's and any roommate's clinical records and a copy must be provided to the resident and the resident's roommate, if applicable.

(d) The ombudsman for long-term care shall prescribe the notification and consent form required in this section no later than January 1, 2019. The commissioner shall make the form available on the department's Web site.

(e) Beginning January 1, 2019, facilities must make the notification and consent form available to the residents and inform residents of their option to conduct electronic monitoring of their rooms or private living spaces.

(f) Any resident, legal representative of a resident, or other person conducting electronic monitoring of a resident's room prior to enactment of this section must comply with the requirements of this section by January 1, 2019.

Subd. 6. **Cost and installation.** (a) A resident choosing to conduct authorized electronic monitoring must do so at the resident's own expense, including paying purchase, installation, maintenance, and removal costs.

(b) If a resident chooses to install an electronic monitoring device that uses Internet technology for visual or audio monitoring, the resident may be responsible for contracting with an Internet service provider.

(c) The facility shall make a reasonable attempt to accommodate the resident's installation needs, including allowing access to the facility's telecommunications or equipment room. A facility has the burden of proving that a requested accommodation is not reasonable.

(d) All electronic monitoring device installations and supporting services must be UL-listed.

Subd. 7. **Notice to visitors.** (a) A facility shall post a sign at each facility entrance accessible to visitors that states "Security cameras and audio devices may be present to record persons and activities."

(b) The facility is responsible for installing and maintaining the signage required in this subdivision.

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Subd. 8. **Obstruction of electronic monitoring devices.** (a) A person must not knowingly hamper, obstruct, tamper with, or destroy an electronic monitoring device installed in a resident's room or private living space without the permission of the resident or the resident's legal representative.

(b) It is not a violation of paragraph (a) if a person turns off the electronic monitoring device or blocks the visual recording component of the electronic monitoring device at the direction of the resident or the resident's legal representative, or if consent has been withdrawn.

Subd. 9. **Dissemination of recordings.** (a) A facility may not access any video or audio recording created through authorized electronic monitoring without the written consent of the resident or the resident's legal representative.

(b) Except as required under other law, a recording or copy of a recording made as provided in this section may only be disseminated for the purpose of addressing health, safety, or welfare concerns of a resident or residents.

(c) The resident or the resident's legal representative must provide a copy of any video or audio recording to parties involved in a civil, criminal, or administrative proceeding, upon a party's request, if the video or audio recording was made during the time period that the conduct at issue in the proceeding allegedly occurred.

Subd. 10. **Admissibility of evidence.** Subject to applicable rules of evidence and procedure, any video or audio recording created through authorized electronic monitoring under this section may be admitted into evidence in a civil, criminal, or administrative proceeding if the contents of the recording have not been edited or artificially enhanced and the video recording includes the date and time the events occurred.

Subd. 11. **Liability.** (a) A facility is not civilly or criminally liable for the inadvertent or intentional disclosure of a recording by a resident or a resident's legal representative for any purpose not authorized by this section.

(b) A facility is not civilly or criminally liable for a violation of a resident's right to privacy arising out of any electronic monitoring conducted as provided in this section.

Subd. 12. **Resident protections.** A facility must not:

(1) refuse to admit a potential resident or remove a resident because the facility disagrees with the potential resident's or the resident's decisions regarding electronic monitoring;

(2) intentionally retaliate or discriminate against any resident for consenting or refusing to consent to electronic monitoring under this section; or

(3) prevent the installation or use of an electronic monitoring device by a resident who has provided the facility with notice and consent as required under this section.

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 5. Minnesota Statutes 2016, section 144.651, subdivision 1, is amended to read:

Subdivision 1. **Legislative intent.** It is the intent of the legislature and the purpose of this section to promote the interests and well being of the patients and residents of health care facilities. It is the intent of this section that every patient's and resident's civil and religious liberties, including the right to independent personal decisions and knowledge of available choices, must not be infringed and that the facility must encourage and assist in the fullest possible exercise of these rights. The rights provided under this section are established for the benefit of patients and residents. No health care facility may require or request a patient or resident to waive any of these rights at any time or for any reason including as a condition of admission to the facility. Any guardian or conservator of a patient or resident or, in the absence of a guardian or conservator, an interested person, may seek enforcement of these rights on behalf of a patient or resident.

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An interested person may also seek enforcement of these rights on behalf of a patient or resident who has a guardian or conservator through administrative agencies or in district court having jurisdiction over guardianships and conservatorships. Pending the outcome of an enforcement proceeding the health care facility may, in good faith, comply with the instructions of a guardian or conservator. ~~It is the intent of this section that every patient's civil and religious liberties, including the right to independent personal decisions and knowledge of available choices, shall not be infringed and that the facility shall encourage and assist in the fullest possible exercise of these rights.~~

Sec. 6. Minnesota Statutes 2016, section 144.651, 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 them.

(b) "Patient" means:

(1) 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~~.~~;

(2) a minor who is admitted to a residential program as defined in section 253C.01;

(3) for purposes of subdivisions 1, 4 to 9, 12, 13, 15, 16, ~~and~~ 18 to 20, ~~"patient" also means~~ and 34, 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.~~; and

(4) for purposes of subdivisions 1, 3 to 16, 18, 20 ~~and~~, 30, ~~"patient" also means~~ and 34, any person who is receiving mental health treatment on an outpatient basis or in a community support program or other community-based program.

(c) "Resident" means a person who is admitted to:

(1) a nonacute care facility including extended care facilities~~.~~;

(2) a nursing ~~homes, and~~ home;

(3) a boarding care ~~homes~~ home for care required because of prolonged mental or physical illness or disability, recovery from injury or disease, or advancing age~~.~~; and

(4) for purposes of ~~all subdivisions except~~ subdivisions ~~28 and 29~~ 1 to 27~~, "resident" also means a person who is admitted to~~ and 30 to 34, a facility licensed as a board and lodging facility under Minnesota Rules, ~~parts 4625.0100 to 4625.2355~~ chapter 4625, or a supervised living facility under Minnesota Rules, ~~parts 4665.0100 to 4665.9900~~ chapter 4665, and which operates a rehabilitation program licensed under Minnesota Rules, parts ~~9530.6405~~ 9530.6510 to 9530.6590.

(d) "Health care facility" or "facility" means:

(1) an acute care inpatient facility;

(2) a residential program as defined in section 253C.01;

(3) for the purposes of subdivisions 1, 4 to 9, 12, 13, 15, 16, 18 to 20, and 34, an outpatient surgical center or a birth center licensed under section 144.615;

(4) for the purposes of subdivisions 1, 3 to 16, 18, 20, 30, and 34, a setting in which outpatient mental health services are provided, or a community support program or other community-based program providing mental health treatment;

(5) a nonacute care facility, including extended care facilities;

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(6) a nursing home;

(7) a boarding care home for care required because of prolonged mental or physical illness or disability, recovery from injury or disease, or advancing age; or

(8) for the purposes of subdivisions 1 to 27 and 30 to 34, a facility licensed as a board and lodging facility under Minnesota Rules, chapter 4625, or a supervised living facility under Minnesota Rules, chapter 4665, and which operates a rehabilitation program licensed under Minnesota Rules, parts 9530.6510 to 9530.6590.

Sec. 7. Minnesota Statutes 2016, section 144.651, subdivision 4, is amended to read:

Subd. 4. **Information about rights.** (a) Patients and residents shall, at admission, be told that there are legal rights for their protection during their stay at the facility or throughout their course of treatment and maintenance in the community and that these are described in an accompanying written statement in plain language and in terms patients and residents can understand of the applicable rights and responsibilities set forth in this section. The written statement must be developed by the commissioner, in consultation with stakeholders, and must also include the name, address, and telephone number of the state or county agency to contact for additional information or assistance. In the case of patients admitted to residential programs as defined in section 253C.01, the written statement shall also describe the right of a person 16 years old or older to request release as provided in section 253B.04, subdivision 2, and shall list the names and telephone numbers of individuals and organizations that provide advocacy and legal services for patients in residential programs.

(b) Reasonable accommodations shall be made for people who have communication disabilities and those who speak a language other than English.

(c) Current facility policies, inspection findings of state and local health authorities, and further explanation of the written statement of rights shall be available to patients, residents, their guardians or their chosen representatives upon reasonable request to the administrator or other designated staff person, consistent with chapter 13, the Data Practices Act, and section 626.557, relating to vulnerable adults.

Sec. 8. Minnesota Statutes 2016, section 144.651, subdivision 6, is amended to read:

Subd. 6. **Appropriate health care.** Patients and residents shall have the right to appropriate medical and personal care based on individual needs. Appropriate care for residents means care designed to enable residents to achieve their highest level of physical and mental functioning~~.~~, provided by persons who are properly trained and competent to perform their duties. This right is limited where the service is not reimbursable by public or private resources.

Sec. 9. Minnesota Statutes 2016, section 144.651, subdivision 14, is amended to read:

Subd. 14. **Freedom from maltreatment.** (a) Patients and residents shall be free from maltreatment as defined in the Vulnerable Adults Protection Act. "Maltreatment" means conduct described in section 626.5572, subdivision 15, or the intentional and nontherapeutic infliction of physical pain or injury, or any persistent course of conduct intended to produce mental or emotional distress. Patients and residents who reside in or receive care from a facility for which the Department of Health is the lead investigative agency shall receive notification from the Department of Health regarding a report of alleged maltreatment, disposition of a report, and appeal rights, as provided under section 626.557, subdivision 9c.

(b) Every patient and resident shall also be free from nontherapeutic chemical and physical restraints, except in fully documented emergencies, or as authorized in writing after examination by a patient's or resident's physician for a specified and limited period of time, and only when necessary to protect the resident from self-injury or injury to others.

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Sec. 10. Minnesota Statutes 2016, section 144.651, subdivision 16, is amended to read:

Subd. 16. **Confidentiality of records.** Patients and residents shall be assured confidential treatment of their personal, financial, and medical records, and may approve or refuse their release to any individual outside the facility. Residents shall be notified when personal records are requested by any individual outside the facility and may select someone to accompany them when the records or information are the subject of a personal interview. Patients and residents have a right to access their personal, financial, and medical records and written information from those records. Copies of records and written information from the records shall be made available in accordance with this subdivision and sections 144.291 to 144.298. This right does not apply to complaint investigations and inspections by the Department of Health, where required by third-party payment contracts, or where otherwise provided by law.

Sec. 11. Minnesota Statutes 2016, section 144.651, subdivision 17, is amended to read:

Subd. 17. **Disclosure of services available.** Patients and residents shall be informed, prior to or at the time of admission and during their stay, of services which are included in the facility's basic per diem or daily room rate and that other services are available at additional charges. Residents have the right to 30 days' advance notice of changes in charges that are unrelated to a resident's change in condition or change of care needs. A facility that is subject to section 504B.178 may not collect a nonrefundable security deposit unless it is applied to the first month's charges. Nursing facilities enrolled as medical assistance providers are prohibited from charging, soliciting, accepting, or receiving a deposit. Facilities and providers are prohibited from charging fees because a resident exercises the right to refuse treatment or medication, or when the resident chooses pharmacies or other health professionals other than the ones selected or preferred by the facility or provider. Facilities shall make every effort to assist patients and residents in obtaining information regarding whether the Medicare or medical assistance program will pay for any or all of the aforementioned services.

Sec. 12. Minnesota Statutes 2016, section 144.651, subdivision 20, is amended to read:

Subd. 20. **Grievances.** (a) Patients and residents shall be encouraged and assisted, throughout their stay in a facility or their course of treatment, to understand and exercise their rights as patients, residents, and citizens. Patients and residents may voice grievances, assert the rights granted under this section personally, and recommend changes in policies and services to facility staff and others of their choice, free from restraint, interference, coercion, discrimination, retaliation, or reprisal, including threat of discharge. ~~Notice of the grievance procedure of the facility or program, as well as addresses and telephone numbers for the Office of Health Facility Complaints and the area nursing home ombudsman pursuant to the Older Americans Act, section 307(a)(12) shall be posted in a conspicuous place.~~

(b) Patients and residents have the right to complain about services that are provided, services that are not being provided, and the lack of courtesy or respect to the patient or resident or the patient's or resident's property. The facility must investigate and attempt resolution of the complaint or grievance. The patient or resident has the right to be informed of the name and contact information of the individual who is responsible for handling grievances.

(c) Notice must be posted in a conspicuous place of the facility's or program's grievance procedure, as well as telephone numbers and, where applicable, addresses for the common entry point, as defined in section 626.5572, subdivision 5, the protection and advocacy agency, and the state long-term care ombudsman pursuant to United States Code, title 42, sections 3058f and 3058g.

(d) Every acute care inpatient facility, every residential program as defined in section 253C.01, every nonacute care facility, and every facility employing more than two people that provides outpatient mental health services shall have a written internal grievance procedure that, at a minimum, sets forth the process to be followed; specifies time limits, including time limits for facility response; provides for the patient or

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resident to have the assistance of an advocate; requires a written response to written grievances; and provides for a timely decision by an impartial decision maker if the grievance is not otherwise resolved. Compliance by hospitals, residential programs as defined in section 253C.01 which are hospital-based primary treatment programs, and outpatient surgery centers with section 144.691 and compliance by health maintenance organizations with section 62D.11 is deemed to be compliance with the requirement for a written internal grievance procedure.

Sec. 13. Minnesota Statutes 2016, section 144.651, subdivision 21, is amended to read:

Subd. 21. **Communication privacy.** Patients and residents may associate and communicate privately with persons of their choice and enter and, except as provided by the Minnesota Commitment Act, leave the facility as they choose. Patients and residents shall have access, at their own expense, unless provided by the facility, to writing instruments, stationery, ~~and~~ postage, and Internet service. Personal mail shall be sent without interference and received unopened unless medically or programmatically contraindicated and documented by the physician in the medical record. There shall be access to a telephone where patients and residents can make and receive calls as well as speak privately. Facilities which are unable to provide a private area shall make reasonable arrangements to accommodate the privacy of patients' or residents' calls. Upon admission to a facility where federal law prohibits unauthorized disclosure of patient or resident identifying information to callers and visitors, the patient or resident, or the legal guardian or conservator of the patient or resident, shall be given the opportunity to authorize disclosure of the patient's or resident's presence in the facility to callers and visitors who may seek to communicate with the patient or resident. To the extent possible, the legal guardian or conservator of a patient or resident shall consider the opinions of the patient or resident regarding the disclosure of the patient's or resident's presence in the facility. This right is limited where medically inadvisable, as documented by the attending physician in a patient's or resident's care record. Where programmatically limited by a facility abuse prevention plan pursuant to section 626.557, subdivision 14, paragraph (b), this right shall also be limited accordingly.

Sec. 14. Minnesota Statutes 2016, section 144.651, is amended by adding a subdivision to read:

Subd. 34. **Retaliation prohibited.** (a) A facility or person must not retaliate against a patient, resident, employee, or interested person who in good faith:

(1) files a complaint or grievance or asserts any rights on behalf of the patient or resident;

(2) submits a maltreatment report, whether mandatory or voluntary, on behalf of the patient or resident under section 626.557, subdivision 3, 4, or 4a;

(3) advocates on behalf of the patient or resident for necessary or improved care and services or enforcement of rights under this section or other law; or

(4) contracts to receive services from a service provider of the resident's choice.

(b) Adverse action may be considered retaliation. For purposes of this section, "adverse action" means any action taken in bad faith by a facility or person against the patient, resident, employee, or interested person that includes but is not limited to:

(1) discharge or transfer from the facility;

(2) discharge from or termination of employment;

(3) demotion or reduction in remuneration for services;

(4) any restriction of any of the rights set forth in state or federal law;

(5) removal, tampering with, or deprivation of technology, communication, or electronic monitoring devices of the patient or resident;

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(6) one of the following actions if unrelated to a patient's or resident's change in condition or change of care needs:

(i) restriction or prohibition of access either to the facility or to the patient or resident;

(ii) any restriction of access to or use of communities or services;

(iii) termination of services or lease agreement, or both; or

(iv) a sudden increase in costs for services not already contemplated at the time of the action taken;

(7) reporting maltreatment in bad faith; or

(8) making any oral or written communication of false information about a person advocating on behalf of the patient or resident.

Sec. 15. Minnesota Statutes 2016, section 144.651, is amended by adding a subdivision to read:

Subd. 35. **Electronic monitoring.** A resident has the right to install and use electronic monitoring, provided the requirements of section 144.6502 are met.

Sec. 16. **[144.6511] DECEPTIVE MARKETING AND BUSINESS PRACTICES.**

(a) For purposes of this section, "facility" means a facility listed in section 144.651, subdivision 2, paragraph (d), clauses (2) to (8); a housing with services establishment registered under chapter 144D; or an assisted living setting regulated under chapter 144G.

(b) Deceptive marketing and business practices by a facility or by a home care provider licensed under sections 144A.43 to 144A.482, are prohibited.

(c) For the purposes of this section, it is a deceptive practice for a facility or home care provider to:

(1) make any false, fraudulent, deceptive, or misleading statements in marketing, advertising, or written description or representation of care or services, whether in written or electronic form;

(2) arrange for or provide health care or services other than those contracted for;

(3) fail to deliver any care or services the provider or facility promised that the facility was able to provide;

(4) fail to inform the patient, resident, or client in writing of any limitations to care services available prior to executing a contract for admission;

(5) discharge or terminate the lease or services of a patient or resident following a required period of private pay who then receives benefits under the medical assistance elderly waiver program after the facility has made a written promise to continue the same services provided under private pay and accept medical assistance elderly waiver payments after the expiration of the private pay period;

(6) fail to disclose in writing the purpose of a nonrefundable community fee or other fee prior to contracting for services with a patient, resident, or client;

(7) advertise or represent, in writing, that the facility is or has a special care unit, such as for dementia or memory care, without complying with training and disclosure requirements under sections 144D.065 and 325F.72, and any other applicable law; or

(8) define the terms "facility," "contract of admission," "admission contract," "admission agreement," "legal representative," or "responsible party" to mean anything other than the meanings of those terms under section 144.6501.

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Sec. 17. Minnesota Statutes 2016, section 144.652, is amended by adding a subdivision to read:

Subd. 3. **Fines.** Notwithstanding section 144.653 or 144A.10, the commissioner may impose a fine in an amount equal to the amount listed in Minnesota Rules, part 4658.0193, item F, upon a finding that the facility has violated section 144.651, subdivision 34.

Sec. 18. Minnesota Statutes 2016, section 144A.10, subdivision 1, is amended to read:

Subdivision 1. **Enforcement authority.** The commissioner of health is the exclusive state agency charged with the responsibility and duty of inspecting all facilities required to be licensed under section 144A.02, and issuing correction orders and imposing fines as provided in this section, Minnesota Rules, chapter 4658, or any other applicable law. The commissioner of health shall enforce the rules established pursuant to sections 144A.01 to 144A.155, subject only to the authority of the Department of Public Safety respecting the enforcement of fire and safety standards in nursing homes and the responsibility of the commissioner of human services under sections 245A.01 to 245A.16 or 252.28.

The commissioner may request and must be given access to relevant information, records, incident reports, or other documents in the possession of a licensed facility if the commissioner considers them necessary for the discharge of responsibilities. For the purposes of inspections and securing information to determine compliance with the licensure laws and rules, the commissioner need not present a release, waiver, or consent of the individual. A nursing home's refusal to cooperate in providing lawfully requested information is grounds for a correction order, a fine according to Minnesota Rules, part 4658.0190, item EE, or both. The identities of patients or residents must be kept private as defined by section 13.02, subdivision 12.

Sec. 19. Minnesota Statutes 2016, section 144A.44, subdivision 1, is amended to read:

Subdivision 1. **Statement of rights.** A person who receives home care services has these rights:

(1) the right to receive written information in plain language about rights before receiving services, including what to do if rights are violated;

(2) the right to receive care and services according to a suitable and up-to-date plan, and subject to accepted health care, medical or nursing standards, to take an active part in developing, modifying, and evaluating the plan and services;

(3) the right to be told before receiving services the type and disciplines of staff who will be providing the services, the frequency of visits proposed to be furnished, other choices that are available for addressing home care needs, and the potential consequences of refusing these services;

(4) the right to be told in advance of any recommended changes by the provider in the service plan and to take an active part in any decisions about changes to the service plan;

(5) the right to refuse services or treatment;

(6) the right to know, before receiving services or during the initial visit, any limits to the services available from a home care provider;

(7) the right to be told before services are initiated what the provider charges for the services; to what extent payment may be expected from health insurance, public programs, or other sources, if known; and what charges the client may be responsible for paying;

(8) the right to know that there may be other services available in the community, including other home care services and providers, and to know where to find information about these services;

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(9) the right to choose freely among available providers and to change providers after services have begun, within the limits of health insurance, long-term care insurance, medical assistance, or other health programs;

(10) the right to have personal, financial, and medical information kept private, and to be advised of the provider's policies and procedures regarding disclosure of such information;

(11) the right to access the client's own records and written information from those records in accordance with sections 144.291 to 144.298;

(12) the right to be served by people who are properly trained and competent to perform their duties;

(13) the right to be treated with courtesy and respect, and to have the client's property treated with respect;

(14) the right to be free from physical and verbal abuse, neglect, financial exploitation, and all forms of maltreatment covered under the Vulnerable Adults Act and the Maltreatment of Minors Act;

(15) the right to reasonable, advance notice of changes in services or charges;

(16) the right to know the provider's reason for termination of services;

(17) the right to at least ~~ten~~ 15 days' advance notice of the termination of a service by a provider, except in cases where:

(i) the client engages in conduct that significantly alters the terms of the service plan with the home care provider;

(ii) the client, person who lives with the client, or others create an abusive or unsafe work environment for the person providing home care services; ~~or~~

(iii) an emergency or a significant change in the client's condition has resulted in service needs that exceed the current service plan and that cannot be safely met by the home care provider; or

(iv) the client's condition has improved to a point where home care services are deemed by the client's medical provider to no longer be medically necessary;

(18) the right to a coordinated transfer when there will be a change in the provider of services;

(19) the right to complain to staff about services that are provided, or fail to be provided, and the lack of courtesy or respect to the client or the client's property, and the right to recommend changes in policies and services, free from retaliation, including the threat of termination of services or a service agreement;

(20) the right to know how to contact an individual associated with the home care provider who is responsible for handling problems and to have the home care provider investigate and attempt to resolve the grievance or complaint;

(21) the right to know the name and address of the state or county agency to contact for additional information or assistance; ~~and~~

(22) the right to assert these rights personally, or have them asserted by the client's representative or by anyone on behalf of the client, without retaliation~~.~~

(23) the right to notification from the Department of Health regarding a report of alleged maltreatment, disposition of a report, and appeal rights, as provided under section 626.557, subdivision 9c;

(24) the right to Internet service at the person's own expense, unless it is provided by the provider; and

(25) the right to place an electronic monitoring device in the person's own private space, provided the requirements in section 144.6502 are met.

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The commissioner shall develop and make available to providers a standard form explaining in plain language the rights specified in this subdivision.

Sec. 20. Minnesota Statutes 2016, section 144A.441, is amended to read:

144A.441 ASSISTED LIVING BILL OF RIGHTS ADDENDUM.

Assisted living clients, as defined in section 144G.01, subdivision 3, shall be provided with the home care bill of rights required by section 144A.44, except that the home care bill of rights provided to these clients must include the following provision in place of the provision in section 144A.44, subdivision 1, clause (17):

"(17) the right to reasonable, advance notice of changes in services or charges, including at least 30 days' advance notice of the termination of a service by a provider, except in cases where:

(i) the recipient of services ~~engages in conduct that alters the conditions of employment as specified in the employment contract between the home care provider and the individual providing home care services, or~~ creates and the home care provider can document an abusive or unsafe work environment for the individual providing home care services;

(ii) a doctor or treating physician, certified nurse practitioner, physician assistant, or registered nurse documents that an emergency ~~for the informal caregiver~~ or a significant change in the recipient's condition has resulted in service needs that exceed the current service provider agreement and that cannot be safely met by the home care provider; or

(iii) the provider has not received payment for services, for which at least ten days' advance notice of the termination of a service shall be provided."

For participants receiving medical assistance waiver services, the provider must immediately notify the participant's case manager of any termination of services.

Sec. 21. Minnesota Statutes 2016, section 144A.442, is amended to read:

144A.442 ~~ASSISTED LIVING CLIENTS; SERVICE~~ ARRANGED HOME CARE PROVIDER RESPONSIBILITIES; TERMINATION OF SERVICES.

Subdivision 1. **Definition.** For the purposes of this section, "coordinated transfer" means a plan to transfer an assisted living client, as defined in section 144G.01, subdivision 3, to another home care provider that:

(1) considers the needs and wants of the client;

(2) is based on the comprehensive assessment and individual needs of the client;

(3) includes the client, the client's case manager, and the client's representative, if any; and

(4) includes relevant information that allows the new home care provider to successfully meet the needs of the client.

Subd. 2. **Permissible reasons to terminate services; notice required.** (a) An arranged home care provider may terminate services if the home care provider is implementing a plan consistent with the client's assessed needs and a client:

(1) engages in conduct that significantly alters the terms of the service agreement with the home care provider and does not significantly alter the client's conduct within 30 days of receiving written notice of the conduct; or

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(2) fails to pay the provider for services that are agreed to in the service agreement.

(b) An arranged home care provider must provide at least 30 days' advance written notice prior to terminating a service agreement for a reason specified in paragraph (a), clause (1), and at least ten days' advance notice for the reason specified in paragraph (a), clause (2).

(c) Notwithstanding paragraphs (a) and (b), the arranged home care provider may terminate services if the client:

(1) creates, and the provider can document, an abusive or unsafe environment for the individual providing home care services or for other residents; or

(2) has a comprehensive assessment by a treating physician, advanced practice registered nurse, or physician assistant that documents, and shows, that an emergency or a significant change in the client's condition has resulted in service needs that exceed the current service agreement and that cannot be safely met by the home care provider.

An arranged home care provider may not terminate services under this paragraph until the provider has assisted a client with a coordinated transfer.

(d) For participants receiving medical assistance waiver services, the provider must immediately notify the participant's case manager of any termination of services.

Subd. 3. **Contents of service termination notice.** If an arranged home care provider, as defined in section 144D.01, subdivision 2a, who is not also Medicare certified terminates a service agreement ~~or service plan~~ with an assisted living client, as defined in section 144G.01, subdivision 3, the home care provider shall provide the assisted living client and the legal or designated representatives of the client, if any, with ~~a~~ advance written notice of termination ~~which~~, as provided under subdivision 2, that includes the following information:

(1) the effective date of termination;

(2) a detailed explanation of the reason for termination;

(3) without extending the termination notice period, an affirmative offer to meet with the assisted living client or client representatives ~~within no more than five business days of the date of the termination notice~~ to discuss the termination;

(4) contact information for a reasonable number of other home care providers in the geographic area of the assisted living client, as required by section 144A.4791, subdivision 10;

(5) a statement that the provider will participate in a coordinated transfer of the care of the client to another provider or caregiver, as required by section 144A.44, subdivision 1, clause (18);

(6) the name and contact information of a representative of the home care provider with whom the client may discuss the notice of termination;

(7) a copy of the home care bill of rights; ~~and~~

(8) a statement that the notice of termination of home care services by the home care provider does not constitute notice of termination of the housing with services contract with a housing with services establishment;

(9) a statement that the client has the right to avoid termination of services by paying the past due service charges or by curing the alteration of the terms of the service agreement prior to the effective date of service termination;

(10) a statement that the recipient of the notice may contact the Office of the Ombudsman for Long-Term Care for assistance regarding service termination and the address and telephone number of the Office of

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Ombudsman for Long-Term Care, the Office of Administrative Hearings, and the protection and advocacy agency; and

(11) a statement of the client's right to appeal the service termination to the Office of Administrative Hearings and an explanation about how to request an appeal.

Subd. 4. **Right to appeal service termination.** (a) At any time prior to the expiration of the notice period provided under subdivision 2, paragraph (b), a client may appeal the service termination by making a written request for a hearing to the Office of Administrative Hearings, which must schedule the hearing no later than 14 days after receiving the appeal request. The hearing must be held in the establishment in which the client resides, unless impractical or the parties agree otherwise. A client may not appeal a service termination for the reason specified in subdivision 2, paragraph (a), clause (2). A client may appeal a termination of services for a reason specified in subdivision 2, paragraph (a), clause (1), beginning July 1, 2018, and may appeal a termination of services for a reason specified in subdivision 2, paragraph (c), clause (1) or (2), beginning January 1, 2020.

(b) The arranged home care provider may not discontinue services to a client who makes a timely appeal of a notice of service termination until the Office of Administrative Hearings makes a final determination on the appeal in favor of the arranged home care provider.

(c) Clients are not required to request a meeting as provided under subdivision 3, clause (3), prior to submitting an appeal hearing request.

(d) The commissioner of health may order the arranged home care provider to rescind the service termination if:

(1) the service termination was in violation of state or federal law; or

(2) the client cures the conduct that allegedly altered the terms of the service agreement on or before the date of the administrative hearing.

(e) Nothing in this section limits the right of a client or the client's representative to request or receive assistance from the Office of Ombudsman for Long-Term Care and the protection and advocacy agency concerning the proposed service termination.

Subd. 5. **Assistance with coordinated transfer.** A housing with services establishment with which the client has a contract and the arranged home care provider must assist a client with a coordinated transfer.

EFFECTIVE DATE. This section is effective for all contracts for services entered into or renewed on or after July 1, 2018.

Sec. 22. Minnesota Statutes 2016, section 144A.45, subdivision 1, is amended to read:

Subdivision 1. **Regulations.** The commissioner shall regulate home care providers pursuant to sections 144A.43 to 144A.482. The regulations shall include the following:

(1) provisions to assure, to the extent possible, the health, safety, well-being, and appropriate treatment of persons who receive home care services while respecting a client's autonomy and choice;

(2) requirements that home care providers furnish the commissioner with specified information necessary to implement sections 144A.43 to 144A.482;

(3) standards of training of home care provider personnel;

(4) standards for provision of home care services;

(5) standards for medication management;

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(6) standards for supervision of home care services;

(7) standards for client evaluation or assessment;

(8) requirements for the involvement of a client's health care provider, the documentation of health care providers' orders, if required, and the client's service plan;

(9) standards for the maintenance of accurate, current client records;

(10) the establishment of basic and comprehensive levels of licenses based on services provided; and

(11) provisions to enforce these regulations and the home care bill of rights, including provisions for issuing penalties and fines according to section 144A.474, subdivision 11, for violations of sections 144A.43 to 144A.482, and of the home care bill of rights under sections 144A.44 to 144A.441.

Sec. 23. Minnesota Statutes 2016, section 144A.45, subdivision 2, is amended to read:

Subd. 2. **Regulatory functions.** The commissioner shall:

(1) license, survey, and monitor without advance notice, home care providers in accordance with sections 144A.43 to 144A.482;

(2) survey every temporary licensee within one year of the temporary license issuance date subject to the temporary licensee providing home care services to a client or clients;

(3) survey all licensed home care providers on an interval that will promote the health and safety of clients;

(4) with the consent of the client, visit the home where services are being provided;

(5) issue correction orders and assess civil penalties in accordance with ~~section~~ sections 144.653, subdivisions 5 to 8, 144A.474, and 144A.475, for violations of sections 144A.43 to 144A.482, and sections 144A.44 to 144A.441;

(6) take action as authorized in section 144A.475; and

(7) take other action reasonably required to accomplish the purposes of sections 144A.43 to 144A.482.

Sec. 24. Minnesota Statutes 2016, section 144A.474, subdivision 8, is amended to read:

Subd. 8. **Correction orders.** (a) A correction order may be issued whenever the commissioner finds upon survey or during a complaint investigation that a home care provider, a managerial official, or an employee of the provider is not in compliance with sections 144A.43 to 144A.482. The correction order shall cite the specific statute and document areas of noncompliance and the time allowed for correction. In addition to issuing a correction order, the commissioner may impose an immediate fine as provided in subdivision 11.

(b) The commissioner shall mail copies of any correction order to the last known address of the home care provider, or electronically scan the correction order and e-mail it to the last known home care provider e-mail address, within 30 calendar days after the survey exit date. A copy of each correction order, the amount of any immediate fine issued, the correction plan, and copies of any documentation supplied to the commissioner shall be kept on file by the home care provider, and public documents shall be made available for viewing by any person upon request. Copies may be kept electronically.

(c) By the correction order date, the home care provider must document in the provider's records any action taken to comply with the correction order. The commissioner may request a copy of this documentation

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and the home care provider's action to respond to the correction order in future surveys, upon a complaint investigation, and as otherwise needed.

Sec. 25. Minnesota Statutes 2016, section 144A.474, subdivision 9, is amended to read:

Subd. 9. **Follow-up surveys.** For providers that have Level 3 or Level 4 violations under subdivision 11, or any violations determined to be widespread, the department shall conduct a follow-up survey within 90 calendar days of the survey. When conducting a follow-up survey, the surveyor will focus on whether the previous violations have been corrected and may also address any new violations that are observed while evaluating the corrections that have been made. If a new violation is identified on a follow-up survey, ~~no fine will be imposed unless it is not corrected on the next follow-up survey~~ the surveyor shall issue a correction order for the new violation and may impose an immediate fine for the new violation.

Sec. 26. Minnesota Statutes 2017 Supplement, section 144A.474, subdivision 11, is amended to read:

Subd. 11. **Fines.** (a) Fines and enforcement actions under this subdivision may be assessed based on the level and scope of the violations described in paragraph (c) as follows:

(1) Level 1, no fines or enforcement;

(2) Level 2, fines ranging from $0 to $500, in addition to any of the enforcement mechanisms authorized in section 144A.475 for widespread violations;

(3) Level 3, fines ranging from $500 to $1,000, in addition to any of the enforcement mechanisms authorized in section 144A.475; and

(4) Level 4, fines ranging from $1,000 to $5,000, in addition to any of the enforcement mechanisms authorized in section 144A.475.

(b) Correction orders for violations are categorized by both level and scope and fines shall be assessed as follows:

(1) level of violation:

(i) Level 1 is a violation that has no potential to cause more than a minimal impact on the client and does not affect health or safety;

(ii) Level 2 is a violation that did not harm a client's health or safety but had the potential to have harmed a client's health or safety, but was not likely to cause serious injury, impairment, or death;

(iii) Level 3 is a violation that harmed a client's health or safety, not including serious injury, impairment, or death, or a violation that has the potential to lead to serious injury, impairment, or death; and

(iv) Level 4 is a violation that results in serious injury, impairment, or death.

(2) scope of violation:

(i) isolated, when one or a limited number of clients are affected or one or a limited number of staff are involved or the situation has occurred only occasionally;

(ii) pattern, when more than a limited number of clients are affected, more than a limited number of staff are involved, or the situation has occurred repeatedly but is not found to be pervasive; and

(iii) widespread, when problems are pervasive or represent a systemic failure that has affected or has the potential to affect a large portion or all of the clients.

(c) If the commissioner finds that the applicant or a home care provider required to be licensed under sections 144A.43 to 144A.482 has not corrected violations by the date specified in the correction order or

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conditional license resulting from a survey or complaint investigation, the commissioner may impose ~~a~~ an additional fine for noncompliance with a correction order. A notice of noncompliance with a correction order must be mailed to the applicant's or provider's last known address. The ~~noncompliance~~ notice of noncompliance with a correction order must list the violations not corrected and any fines imposed.

(d) The license holder must pay the fines assessed on or before the payment date specified on a correction order or on a notice of noncompliance with a correction order. If the license holder fails to ~~fully comply with the order~~ pay a fine by the specified date, the commissioner may issue a ~~second~~ late payment fine or suspend the license until the license holder ~~complies by paying the fine~~ pays all outstanding fines. A timely appeal shall stay payment of the late payment fine until the commissioner issues a final order.

(e) A license holder shall promptly notify the commissioner in writing when a violation specified in ~~the order~~ a notice of noncompliance with a correction order is corrected. If upon reinspection the commissioner determines that a violation has not been corrected as indicated by the ~~order~~ notice of noncompliance with a correction order, the commissioner may issue ~~a second~~ an additional fine for noncompliance with a notice of noncompliance with a correction order. The commissioner shall notify the license holder by mail to the last known address in the licensing record that ~~a second~~ an additional fine has been assessed. The license holder may appeal the ~~second~~ additional fine as provided under this subdivision.

(f) A home care provider that has been assessed a fine under this subdivision or subdivision 8 has a right to a reconsideration or a hearing under this section and chapter 14.

(g) When a fine has been assessed, the license holder may not avoid payment by closing, selling, or otherwise transferring the licensed program to a third party. In such an event, the license holder shall be liable for payment of the fine.

(h) In addition to any fine imposed under this section, the commissioner may assess costs related to an investigation that results in a final order assessing a fine or other enforcement action authorized by this chapter.

(i) Fines collected under this subdivision shall be deposited in the state government special revenue fund and credited to an account separate from the revenue collected under section 144A.472. Subject to an appropriation by the legislature, the revenue from the fines collected must be used by the commissioner for special projects to improve home care in Minnesota as recommended by the advisory council established in section 144A.4799.

Sec. 27. Minnesota Statutes 2016, section 144A.479, is amended by adding a subdivision to read:

Subd. 2a. **Deceptive marketing and business practices.** Deceptive marketing and business practices by a home care provider are prohibited. For purposes of this subdivision, it is a deceptive practice for a home care provider to engage in any conduct listed in section 144.6511.

Sec. 28. Minnesota Statutes 2016, section 144A.4791, subdivision 10, is amended to read:

Subd. 10. **Termination of service plan.** (a) Except as provided in section 144A.442, if a home care provider terminates a service plan with a client, and the client continues to need home care services, the home care provider shall provide the client and the client's representative, if any, with a written notice of termination which includes the following information:

(1) the effective date of termination;

(2) the reason for termination;

(3) a list of known licensed home care providers in the client's immediate geographic area;

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(4) a statement that the home care provider will participate in a coordinated transfer of care of the client to another home care provider, health care provider, or caregiver, as required by the home care bill of rights, section 144A.44, subdivision 1, clause (17);

(5) the name and contact information of a person employed by the home care provider with whom the client may discuss the notice of termination; and

(6) if applicable, a statement that the notice of termination of home care services does not constitute notice of termination of the housing with services contract with a housing with services establishment.

(b) When the home care provider voluntarily discontinues services to all clients, the home care provider must notify the commissioner, lead agencies, and ombudsman for long-term care about its clients and comply with the requirements in this subdivision.

Sec. 29. Minnesota Statutes 2016, section 144A.53, subdivision 1, is amended to read:

Subdivision 1. **Powers.** The director may:

(a) Promulgate by rule, pursuant to chapter 14, and within the limits set forth in subdivision 2, the methods by which complaints against health facilities, health care providers, home care providers, ~~or residential care homes,~~ or administrative agencies are to be made, reviewed, investigated, and acted upon; provided, however, that a fee may not be charged for filing a complaint.

(b) Recommend legislation and changes in rules to the state commissioner of health, governor, administrative agencies or the federal government.

(c) Investigate, upon a complaint or upon initiative of the director, any action or failure to act by a health care provider, home care provider, ~~residential care home,~~ or a health facility.

(d) Request and receive access to relevant information, records, incident reports, or documents in the possession of an administrative agency, a health care provider, a home care provider, ~~a residential care home,~~ or a health facility, and issue investigative subpoenas to individuals and facilities for oral information and written information, including privileged information which the director deems necessary for the discharge of responsibilities. For purposes of investigation and securing information to determine violations, the director need not present a release, waiver, or consent of an individual. The identities of patients or residents must be kept private as defined by section 13.02, subdivision 12.

(e) Enter and inspect, at any time, a health facility ~~or residential care home~~ and be permitted to interview staff; provided that the director shall not unduly interfere with or disturb the provision of care and services within the facility ~~or home~~ or the activities of a patient or resident unless the patient or resident consents.

(f) Issue correction orders and assess civil fines ~~pursuant to section~~ for violations of sections 144.651, 144.653, 144A.10, 144A.44, 144A.45, and 626.557, Minnesota Rules, chapters 4655, 4658, 4664, and 4665, or any other law ~~which~~ that provides for the issuance of correction orders to health facilities or home care provider, or under section 144A.45. The director may use the authority in section 144A.474, subdivision 11, to calculate the fine amount. A facility's or home's refusal to cooperate in providing lawfully requested information within the requested time period may also be grounds for a correction order or fine at a Level 2 fine pursuant to section 144A.474, subdivision 11.

(g) Recommend the certification or decertification of health facilities pursuant to Title XVIII or XIX of the United States Social Security Act.

(h) Assist patients or residents of health facilities ~~or residential care homes~~ in the enforcement of their rights under Minnesota law.

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(i) Work with administrative agencies, health facilities, home care providers, residential care homes, and health care providers and organizations representing consumers on programs designed to provide information about health facilities to the public and to health facility residents.

Sec. 30. Minnesota Statutes 2016, section 144A.53, subdivision 4, is amended to read:

Subd. 4. **Referral of complaints.** (a) If a complaint received by the director relates to a matter more properly within the jurisdiction of law enforcement, an occupational licensing board, or other governmental agency, the director shall promptly forward the complaint ~~to that agency~~ appropriately and shall inform the complaining party of the forwarding. ~~The~~

(b) An agency shall promptly act in respect to the complaint, and shall inform the complaining party and the director of its disposition. If a governmental agency receives a complaint which is more properly within the jurisdiction of the director, it shall promptly forward the complaint to the director, and shall inform the complaining party of the forwarding.

(c) If the director has reason to believe that an official or employee of an administrative agency, a home care provider, ~~residential care home, or~~ health facility, or a client or resident of any of these entities has acted in a manner warranting criminal or disciplinary proceedings, the director shall refer the matter to the state commissioner of health, the commissioner of human services, an appropriate prosecuting authority, or other appropriate agency.

Sec. 31. Minnesota Statutes 2016, section 144A.53, is amended by adding a subdivision to read:

Subd. 5. **Safety and quality improvement technical panel.** The director shall establish an expert technical panel to examine and make recommendations, on an ongoing basis, on how to apply proven safety and quality improvement practices and infrastructure to settings and providers that provide long-term services and supports. The technical panel must include representation from nonprofit Minnesota-based organizations dedicated to patient safety or innovation in health care safety and quality, Department of Health staff with expertise in issues related to adverse health events, the University of Minnesota, organizations representing long-term care providers and home care providers in Minnesota, national patient safety experts, and other experts in the safety and quality improvement field. The technical panel shall periodically provide recommendations to the legislature on legislative changes needed to promote safety and quality improvement practices in long-term care settings and with long-term care providers.

Sec. 32. Minnesota Statutes 2016, section 144A.53, is amended by adding a subdivision to read:

Subd. 6. **Training and operations panel.** (a) The director shall establish a training and operations panel within the Office of Health Facility Complaints to examine and make recommendations, on an ongoing basis, on continual improvements to the operation of the office. The training and operations panel shall be composed of office staff, including investigators and intake and triage staff, one or more representatives of the commissioner's office, and employees from any other divisions in the Department of Health with relevant knowledge or expertise. The training and operations panel may also consult with employees from other agencies in state government with relevant knowledge or expertise.

(b) The training and operations panel shall examine and make recommendations to the director and the commissioner regarding introducing or refining office systems, procedures, and staff training in order to improve office and staff efficiency; enhance communications between the office, health care facilities, home care providers, and residents or clients; and provide for appropriate, effective protection for vulnerable adults through rigorous investigations and enforcement of laws. Panel duties include but are not limited to:

(1) developing the office's training processes to adequately prepare and support investigators in performing their duties;

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(2) developing clear, consistent internal policies for conducting investigations as required by federal law, including policies to ensure staff meet the deadlines in state and federal laws for triaging, investigating, and making final dispositions of cases involving maltreatment, and procedures for notifying the vulnerable adult, reporter, and facility of any delays in investigations; communicating these policies to staff in a clear, timely manner; and developing procedures to evaluate and modify these internal policies on an ongoing basis;

(3) developing and refining quality control measures for the intake and triage processes, through such practices as reviewing a random sample of the triage decisions made in case reports or auditing a random sample of the case files to ensure the proper information is being collected, the files are being properly maintained, and consistent triage and investigations determinations are being made;

(4) developing and maintaining systems and procedures to accurately determine the situations in which the office has jurisdiction over a maltreatment allegation;

(5) developing and maintaining audit procedures for investigations to ensure investigators obtain and document information necessary to support decisions;

(6) developing and maintaining procedures to, following a maltreatment determination, clearly communicate the appeal or review rights of all parties upon final disposition; and

(7) continuously upgrading the information on and utility of the office's Web site through such steps as providing clear, detailed information about the appeal or review rights of vulnerable adults, alleged perpetrators, and providers and facilities.

Sec. 33. Minnesota Statutes 2016, section 144A.53, is amended by adding a subdivision to read:

Subd. 7. **Posting maltreatment reports.** (a) The director shall post on the Department of Health Web site the following information for the past five years:

(1) the public portions of all substantiated reports of maltreatment of a vulnerable adult at a facility or by a provider for which the Department of Health is the lead investigative agency under section 626.557; and

(2) whether the facility or provider has requested reconsideration or initiated any type of dispute resolution or appeal of a substantiated maltreatment report.

(b) Following a reconsideration, dispute resolution, or appeal, the director must update the information posted under this subdivision to reflect the results of the reconsideration, dispute resolution, or appeal.

(c) The information posted under this subdivision must be posted in coordination with other divisions or sections at the Department of Health and in a manner that does not duplicate information already published by the Department of Health, and must be posted in a format that allows consumers to search the information by facility or provider name and by the physical address of the facility or the local business address of the provider.

Sec. 34. Minnesota Statutes 2016, section 144D.01, subdivision 1, is amended to read:

Subdivision 1. **Scope.** As used in ~~sections 144D.01 to 144D.06~~ this chapter, the following terms have the meanings given them.

Sec. 35. Minnesota Statutes 2016, section 144D.02, is amended to read:

144D.02 REGISTRATION REQUIRED.

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No entity may establish, operate, conduct, or maintain a housing with services establishment in this state without registering and operating as required in ~~sections 144D.01 to 144D.06~~ this chapter.

Sec. 36. Minnesota Statutes 2017 Supplement, section 144D.04, subdivision 2, is amended to read:

Subd. 2. **Contents of contract.** A housing with services contract, which need not be entitled as such to comply with this section, shall include at least the following elements in itself or through supporting documents or attachments:

(1) the name, street address, and mailing address of the establishment;

(2) the name and mailing address of the owner or owners of the establishment and, if the owner or owners is not a natural person, identification of the type of business entity of the owner or owners;

(3) the name and mailing address of the managing agent, through management agreement or lease agreement, of the establishment, if different from the owner or owners;

(4) the name and physical mailing address of at least one natural person who is authorized to accept service of process on behalf of the owner or owners and managing agent;

(5) a statement describing the registration and licensure status of the establishment and any provider providing health-related or supportive services under an arrangement with the establishment;

(6) the term of the contract;

(7) a description of the services to be provided to the resident in the base rate to be paid by the resident, including a delineation of the portion of the base rate that constitutes rent and a delineation of charges for each service included in the base rate;

(8) a description of any additional services, including home care services, available for an additional fee from the establishment directly or through arrangements with the establishment, and a schedule of fees charged for these services;

(9) a conspicuous notice informing the tenant of the policy concerning the conditions under which and the process through which the contract may be modified, amended, or terminated, including whether a move to a different room or sharing a room would be required in the event that the tenant can no longer pay the current rent;

(10) a description of the establishment's complaint resolution process available to residents including the toll-free complaint line for the Office of Ombudsman for Long-Term Care;

(11) the resident's designated representative, if any;

(12) the establishment's referral procedures if the contract is terminated;

(13) requirements of residency used by the establishment to determine who may reside or continue to reside in the housing with services establishment;

(14) billing and payment procedures and requirements;

(15) a statement regarding the ability of a resident to receive services from service providers with whom the establishment does not have an arrangement;

(16) a statement regarding the availability of public funds for payment for residence or services in the establishment; ~~and~~

(17) a statement regarding the availability of and contact information for long-term care consultation services under section 256B.0911 in the county in which the establishment is located;

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(18) a statement that a resident has the right to request a reasonable accommodation; and

(19) a statement describing the conditions under which a contract may be amended.

Sec. 37. Minnesota Statutes 2016, section 144D.04, is amended by adding a subdivision to read:

Subd. 2b. **Changes to contract.** The housing with services establishment must provide prompt written notice to the resident or resident's legal representative of a new owner or manager of the housing with services establishment, and the name and physical mailing address of any new or additional natural person not identified in the admission contract who is authorized to accept service of process.

Sec. 38. **[144D.041] DECEPTIVE MARKETING AND BUSINESS PRACTICES.**

Housing with services establishments are subject to the same prohibitions against deceptive practices as are health care facilities under section 144.6511.

Sec. 39. **[144D.044] INFORMATION REQUIRED TO BE POSTED.**

A housing with services establishment must post conspicuously within the establishment, in a location accessible to public view, the following information:

(1) the name, mailing address, and contact information of the current owner or owners of the establishment and, if the owner or owners are not natural persons, identification of the type of business entity of the owner or owners;

(2) the name, mailing address, and contact information of the managing agent, through management agreement or lease agreement, of the establishment, if different from the owner or owners, and the name and contact information of the on-site manager, if any; and

(3) the name and mailing address of at least one natural person who is authorized to accept service of process on behalf of the owner or owners and managing agent.

Sec. 40. Minnesota Statutes 2016, section 144D.09, is amended to read:

144D.09 TERMINATION OF LEASE.

Subdivision 1. **Notice required.** ~~The~~ (a) A housing with services establishment ~~shall include with notice of termination of lease information about how to contact the ombudsman for long-term care, including the address and telephone number along with a statement of how to request problem-solving assistance.~~that terminates a resident's lease must provide the resident with a notice that includes:

(1) a detailed explanation of the reason for the termination;

(2) the date termination will occur;

(3) the location to which the resident will relocate, if known;

(4) a statement that the resident may contact the Office of the Ombudsman for Long-Term Care regarding the lease termination issues and the address and telephone number of the Office of Ombudsman for Long-Term Care and the protection and advocacy agency;

(5) a statement that the resident has the right to request a meeting with the owner or manager of the housing with services establishment to discuss the lease termination and attempt to avoid termination of the lease; and

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(6) a statement that the resident has the right to avoid termination of the lease for nonpayment of rent by paying the rent in full within ten days of receiving written notice of nonpayment.

Subd. 2. **Transfer of information to new residence.** Prior to a resident's involuntary relocation due to a termination of a lease, the housing with services establishment must provide to the facility or establishment to which the resident is relocating all information known to the establishment and related to the resident that is necessary to ensure continuity of care and services, provided the resident consents to the transfer of information. At a minimum, the information transferred must include:

(1) the resident's full name, date of birth, and insurance information;

(2) the name, telephone number, and address of the resident's representative, if any;

(3) the resident's current documented diagnoses;

(4) the resident's known allergies;

(5) the name and telephone number of the resident's physician, advanced practice registered nurse, or physician assistant and their current medical orders, if known;

(6) all medication administration records;

(7) the most recent resident assessment; and

(8) copies of health care directives, "do not resuscitate" orders, and any guardianship orders or powers of attorney.

Sec. 41. **[144D.095] TERMINATION OF SERVICES.**

A termination of services initiated by an arranged home care provider is governed by section 144A.442.

Sec. 42. Minnesota Statutes 2016, section 144G.01, subdivision 1, is amended to read:

Subdivision 1. **Scope; other definitions.** For purposes of ~~sections 144G.01 to 144G.05~~ this chapter, the following definitions apply. In addition, the definitions provided in section 144D.01 also apply to ~~sections 144G.01 to 144G.05~~ this chapter.

Sec. 43. **[144G.07] TERMINATION OF LEASE.**

A lease termination initiated by a registered housing with services establishment using "assisted living" is governed by section 144D.09.

Sec. 44. **[144G.08] TERMINATION OF SERVICES.**

A termination of services initiated by an arranged home care provider as defined in section 144D.01, subdivision 2a, is governed by section 144A.442.

Sec. 45. Minnesota Statutes 2016, section 325F.71, is amended to read:

325F.71 SENIOR CITIZENS, VULNERABLE ADULTS, AND ~~DISABLED~~ PERSONS WITH DISABILITIES; ADDITIONAL CIVIL PENALTY FOR DECEPTIVE ACTS.

Subdivision 1. **Definitions.** For the purposes of this section, the following words have the meanings given them:

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(a) "Senior citizen" means a person who is 62 years of age or older.

(b) "~~Disabled~~ Person with a disability" means a person who has an impairment of physical or mental function or emotional status that substantially limits one or more major life activities.

(c) "Major life activities" means functions such as caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning, and working.

(d) "Vulnerable adult" has the meaning given in section 626.5572, subdivision 21, except that vulnerable adult does not include an inpatient of a hospital licensed under sections 144.50 to 144.58.

Subd. 2. **Supplemental civil penalty.** (a) In addition to any liability for a civil penalty pursuant to sections 325D.43 to 325D.48, regarding deceptive trade practices; 325F.67, regarding false advertising; and 325F.68 to 325F.70, regarding consumer fraud; a person who engages in any conduct prohibited by those statutes, and whose conduct is perpetrated against one or more senior citizens, vulnerable adults, or ~~disabled~~ persons with a disability, is liable for an additional civil penalty not to exceed $10,000 for each violation, if one or more of the factors in paragraph (b) are present.

(b) In determining whether to impose a civil penalty pursuant to paragraph (a), and the amount of the penalty, the court shall consider, in addition to other appropriate factors, the extent to which one or more of the following factors are present:

(1) whether the defendant knew or should have known that the defendant's conduct was directed to one or more senior citizens, vulnerable adults, or ~~disabled~~ persons with a disability;

(2) whether the defendant's conduct caused one or more senior citizens, vulnerable adults, or ~~disabled~~ persons with a disability to suffer: loss or encumbrance of a primary residence, principal employment, or source of income; substantial loss of property set aside for retirement or for personal or family care and maintenance; substantial loss of payments received under a pension or retirement plan or a government benefits program; or assets essential to the health or welfare of the senior citizen, vulnerable adult, or ~~disabled~~ person with a disability;

(3) whether one or more senior citizens, vulnerable adults, or ~~disabled~~ persons with a disability are more vulnerable to the defendant's conduct than other members of the public because of age, poor health or infirmity, impaired understanding, restricted mobility, or disability, and actually suffered physical, emotional, or economic damage resulting from the defendant's conduct; or

(4) whether the defendant's conduct caused senior citizens, vulnerable adults, or ~~disabled~~ persons with a disability to make an uncompensated asset transfer that resulted in the person being found ineligible for medical assistance.

Subd. 3. **Restitution to be given priority.** Restitution ordered pursuant to the statutes listed in subdivision 2 shall be given priority over imposition of civil penalties designated by the court under this section.

Subd. 4. **Private remedies.** A person injured by a violation of this section may bring a civil action and recover damages, together with costs and disbursements, including costs of investigation and reasonable attorney's fees, and receive other equitable relief as determined by the court.

Sec. 46. Minnesota Statutes 2016, section 609.2231, subdivision 8, is amended to read:

Subd. 8. **Vulnerable adults.** (a) As used in this subdivision, "vulnerable adult" has the meaning given in section 609.232, subdivision 11.

(b) Whoever assaults ~~and inflicts demonstrable bodily harm on~~ a vulnerable adult, knowing or having reason to know that the person is a vulnerable adult, is guilty of a gross misdemeanor.

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(c) A person who uses restraints on a vulnerable adult does not violate this subdivision if (1) the person complies with applicable requirements in state and federal law regarding the use of restraints; and (2) any force applied in imposing restraints is reasonable.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 47. Minnesota Statutes 2016, section 626.557, subdivision 3, is amended to read:

Subd. 3. **Timing of report.** (a) A mandated reporter who has reason to believe that a vulnerable adult is being or has been maltreated, or who has knowledge that a vulnerable adult has sustained a physical injury which is not reasonably explained shall ~~immediately~~ report the information to the common entry point as soon as possible but in no event longer than 24 hours. If an individual is a vulnerable adult solely because the individual is admitted to a facility, a mandated reporter is not required to report suspected maltreatment of the individual that occurred prior to admission, unless:

(1) the individual was admitted to the facility from another facility and the reporter has reason to believe the vulnerable adult was maltreated in the previous facility; or

(2) the reporter knows or has reason to believe that the individual is a vulnerable adult as defined in section 626.5572, subdivision 21, paragraph (a), clause (4).

(b) A person not required to report under the provisions of this section may voluntarily report as described above.

(c) Nothing in this section requires a report of known or suspected maltreatment, if the reporter knows or has reason to know that a report has been made to the common entry point.

(d) Nothing in this section shall preclude a reporter from also reporting to a law enforcement agency.

(e) A mandated reporter who knows or has reason to believe that an error under section 626.5572, subdivision 17, paragraph (c), clause (5), occurred must make a report under this subdivision. If the reporter or a facility, at any time believes that an investigation by a lead investigative agency will determine or should determine that the reported error was not neglect according to the criteria under section 626.5572, subdivision 17, paragraph (c), clause (5), the reporter or facility may provide to the common entry point or directly to the lead investigative agency information explaining how the event meets the criteria under section 626.5572, subdivision 17, paragraph (c), clause (5). The lead investigative agency shall consider this information when making an initial disposition of the report under subdivision 9c.

Sec. 48. Minnesota Statutes 2016, section 626.557, subdivision 4, is amended to read:

Subd. 4. **Reporting.** (a) Except as provided in paragraph (b), a mandated reporter shall immediately make an oral report to the common entry point. The common entry point may accept electronic reports submitted through a Web-based reporting system established by the commissioner. Use of a telecommunications device for the deaf or other similar device shall be considered an oral report. The common entry point may not require written reports. To the extent possible, the report must be of sufficient content to identify the vulnerable adult, the caregiver, the nature and extent of the suspected maltreatment, any evidence of previous maltreatment, the name and address of the reporter, the time, date, and location of the incident, and any other information that the reporter believes might be helpful in investigating the suspected maltreatment. The common entry point must provide a way to record that the reporter has electronic evidence to submit. A mandated reporter may disclose not public data, as defined in section 13.02, and medical records under sections 144.291 to 144.298, to the extent necessary to comply with this subdivision.

(b) A boarding care home that is licensed under sections 144.50 to 144.58 and certified under Title 19 of the Social Security Act, a nursing home that is licensed under section 144A.02 and certified under Title

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18 or Title 19 of the Social Security Act, or a hospital that is licensed under sections 144.50 to 144.58 and has swing beds certified under Code of Federal Regulations, title 42, section 482.66, may submit a report electronically to the common entry point instead of submitting an oral report. ~~The report may be a duplicate of the initial report the facility submits electronically to the commissioner of health to comply with the reporting requirements under Code of Federal Regulations, title 42, section 483.13.~~ The commissioner of health may modify these reporting requirements to include items required under paragraph (a) that are not currently included in the electronic reporting form.

(c) All reports must be directed to the common entry point, including reports from federally licensed facilities.

Sec. 49. Minnesota Statutes 2016, section 626.557, subdivision 9a, is amended to read:

Subd. 9a. **Evaluation and referral of reports made to common entry point.** (a) The common entry point must screen the reports of alleged or suspected maltreatment for immediate risk and make all necessary referrals as follows:

(1) if the common entry point determines that there is an immediate need for emergency adult protective services, the common entry point agency shall immediately notify the appropriate county agency;

(2) if the common entry point determines an immediate need exists for response by law enforcement or if the report contains suspected criminal activity against a vulnerable adult, the common entry point shall immediately notify the appropriate law enforcement agency;

(3) the common entry point shall refer all reports of alleged or suspected maltreatment to the appropriate lead investigative agency as soon as possible, but in any event no longer than two working days;

(4) if the report contains information about a suspicious death, the common entry point shall immediately notify the appropriate law enforcement agencies, the local medical examiner, and the ombudsman for mental health and developmental disabilities established under section 245.92. Law enforcement agencies shall coordinate with the local medical examiner and the ombudsman as provided by law; and

(5) for reports involving multiple locations or changing circumstances, the common entry point shall determine the county agency responsible for emergency adult protective services and the county responsible as the lead investigative agency, using referral guidelines established by the commissioner.

(b) If the lead investigative agency receiving a report believes the report was referred by the common entry point in error, the lead investigative agency shall immediately notify the common entry point of the error, including the basis for the lead investigative agency's belief that the referral was made in error. The common entry point shall review the information submitted by the lead investigative agency and immediately refer the report to the appropriate lead investigative agency.

Sec. 50. Minnesota Statutes 2016, section 626.557, subdivision 9b, is amended to read:

Subd. 9b. **Response to reports.** Law enforcement is the primary agency to conduct investigations of any incident in which there is reason to believe a crime has been committed. Law enforcement shall initiate a response immediately. If the common entry point notified a county agency for emergency adult protective services, law enforcement shall cooperate with that county agency when both agencies are involved and shall exchange data to the extent authorized in subdivision 12b, paragraph ~~(g)~~ (k). County adult protection shall initiate a response immediately. Each lead investigative agency shall complete the investigative process for reports within its jurisdiction. A lead investigative agency, county, adult protective agency, licensed facility, or law enforcement agency shall cooperate with other agencies in the provision of protective services, coordinating its investigations, and assisting another agency within the limits of its resources and expertise and shall exchange data to the extent authorized in subdivision 12b, paragraph ~~(g)~~ (k). The lead investigative agency shall obtain the results of any investigation conducted by law enforcement officials, and law

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enforcement shall obtain the results of any investigation conducted by the lead investigative agency to determine if criminal action is warranted. The lead investigative agency has the right to enter facilities and inspect and copy records as part of investigations. The lead investigative agency has access to not public data, as defined in section 13.02, and medical records under sections 144.291 to 144.298, that are maintained by facilities to the extent necessary to conduct its investigation. Each lead investigative agency shall develop guidelines for prioritizing reports for investigation. Nothing in this subdivision alters the duty of the lead investigative agency to serve as the agency responsible for investigating reports made under this section.

Sec. 51. Minnesota Statutes 2016, section 626.557, subdivision 9c, is amended to read:

Subd. 9c. **Lead investigative agency; notifications, dispositions, determinations.** (a) ~~Upon request of the reporter,~~ The lead investigative agency shall notify the reporter that it has received the report, and provide information on the initial disposition of the report within five business days of receipt of the report, provided that the notification will not endanger the vulnerable adult or hamper the investigation.

(b) Except to the extent prohibited by federal law, when the Department of Health is the lead investigative agency, the agency must provide the following information to the vulnerable adult or the vulnerable adult's guardian or health care agent, if known, within five days after the initiation of an investigation, provided that the provision of the information will not hamper the investigation or harm the vulnerable adult:

(1) the maltreatment allegations by types: abuse, neglect, financial exploitation, and drug diversion;

(2) the name of the facility or other location at which alleged maltreatment occurred;

(3) the dates of the alleged maltreatment if identified in the report at the time of the lead investigative agency disclosure;

(4) the name and contact information for the investigator or other information as requested and allowed under law; and

(5) confirmation of whether the lead investigative agency is investigating the matter and, if so:

(i) an explanation of the process;

(ii) an estimated timeline for the investigation;

(iii) a notification that the vulnerable adult or the vulnerable adult's guardian or health care agent may electronically submit evidence to support the maltreatment report, including but not limited to photographs, videos, and documents; and

(iv) a statement that the lead investigative agency will provide an update on the investigation upon request by the vulnerable adult or the vulnerable adult's guardian or health care agent and a report when the investigation is concluded.

(c) If the Department of Health is the lead investigative agency, the Department of Health shall provide maltreatment information, to the extent allowed under state and federal law, including any reports, upon request of the vulnerable adult that is the subject of a maltreatment report or upon request of that vulnerable adult's guardian or health care agent.

(d) If the common entry point data indicates that the reporter has electronic evidence, the lead investigative agency shall seek to receive such evidence prior to making a determination that the lead investigative agency will not investigate the matter. Nothing in this provision requires the lead investigative agency to stop investigating prior to receipt of the electronic evidence nor prevents the lead investigative agency from closing the investigation prior to receipt of the electronic evidence if, in the opinion of the investigator, the evidence is not necessary to the determination.

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(e) The lead investigative agency may assign multiple reports of maltreatment for the same or separate incidences related to the same vulnerable adult to the same investigator, as deemed appropriate.

(f) Reports related to the same vulnerable adult, the same incident, or the same alleged perpetrator, facility, or licensee must be cross-referenced.

(g) Upon conclusion of every investigation it conducts, the lead investigative agency shall make a final disposition as defined in section 626.5572, subdivision 8.

~~(e)~~ (h) When determining whether the facility or individual is the responsible party for substantiated maltreatment or whether both the facility and the individual are responsible for substantiated maltreatment, the lead investigative agency shall consider at least the following mitigating factors:

(1) whether the actions of the facility or the individual caregivers were in accordance with, and followed the terms of, an erroneous physician order, prescription, resident care plan, or directive. This is not a mitigating factor when the facility or caregiver is responsible for the issuance of the erroneous order, prescription, plan, or directive or knows or should have known of the errors and took no reasonable measures to correct the defect before administering care;

(2) the comparative responsibility between the facility, other caregivers, and requirements placed upon the employee, including but not limited to, the facility's compliance with related regulatory standards and factors such as the adequacy of facility policies and procedures, the adequacy of facility training, the adequacy of an individual's participation in the training, the adequacy of caregiver supervision, the adequacy of facility staffing levels, and a consideration of the scope of the individual employee's authority; and

(3) whether the facility or individual followed professional standards in exercising professional judgment.

~~(d)~~ (i) When substantiated maltreatment is determined to have been committed by an individual who is also the facility license holder, both the individual and the facility must be determined responsible for the maltreatment, and both the background study disqualification standards under section 245C.15, subdivision 4, and the licensing actions under section 245A.06 or 245A.07 apply.

~~(e)~~ (j) The lead investigative agency shall complete its final disposition within 60 calendar days. If the lead investigative agency is unable to complete its final disposition within 60 calendar days, the lead investigative agency shall notify the following persons provided that the notification will not endanger the vulnerable adult or hamper the investigation: (1) the vulnerable adult or the vulnerable adult's guardian or health care agent, when known, if the lead investigative agency knows them to be aware of the investigation; and (2) the facility, where applicable. The notice shall contain the reason for the delay and the projected completion date. If the lead investigative agency is unable to complete its final disposition by a subsequent projected completion date, the lead investigative agency shall again notify the vulnerable adult or the vulnerable adult's guardian or health care agent, when known if the lead investigative agency knows them to be aware of the investigation, and the facility, where applicable, of the reason for the delay and the revised projected completion date provided that the notification will not endanger the vulnerable adult or hamper the investigation. The lead investigative agency must notify the health care agent of the vulnerable adult only if the health care agent's authority to make health care decisions for the vulnerable adult is currently effective ~~under section 145C.06~~ and not suspended under section 524.5-310 ~~and the investigation relates to a duty assigned to the health care agent by the principal~~. A lead investigative agency's inability to complete the final disposition within 60 calendar days or by any projected completion date does not invalidate the final disposition.

~~(f)~~ (k) Within ten calendar days of completing the final disposition, the lead investigative agency shall provide a copy of the public investigation memorandum under subdivision 12b, paragraph ~~(b), clause (1)~~ (d), when required to be completed under this section, to the following persons:

(1) the vulnerable adult, or the vulnerable adult's guardian or health care agent, if known, unless the lead investigative agency knows that the notification would endanger the well-being of the vulnerable adult;

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(2) the reporter, ~~if~~ unless the reporter requested ~~notification~~ otherwise when making the report, provided this notification would not endanger the well-being of the vulnerable adult;

(3) the alleged perpetrator, if known;

(4) the facility; ~~and~~

(5) the ombudsman for long-term care, or the ombudsman for mental health and developmental disabilities, as appropriate;

(6) law enforcement; and

(7) the county attorney, as appropriate.

~~(g)~~ (l) If, as a result of a reconsideration, review, or hearing, the lead investigative agency changes the final disposition, or if a final disposition is changed on appeal, the lead investigative agency shall notify the parties specified in paragraph ~~(f)~~ (h).

~~(h)~~ (m) The lead investigative agency shall notify the vulnerable adult who is the subject of the report or the vulnerable adult's guardian or health care agent, if known, and any person or facility determined to have maltreated a vulnerable adult, of their appeal or review rights under this section or section 256.021.

~~(i)~~ (n) The lead investigative agency shall routinely provide investigation memoranda for substantiated reports to the appropriate licensing boards. These reports must include the names of substantiated perpetrators. The lead investigative agency may not provide investigative memoranda for inconclusive or false reports to the appropriate licensing boards unless the lead investigative agency's investigation gives reason to believe that there may have been a violation of the applicable professional practice laws. If the investigation memorandum is provided to a licensing board, the subject of the investigation memorandum shall be notified and receive a summary of the investigative findings.

~~(j)~~ (o) In order to avoid duplication, licensing boards shall consider the findings of the lead investigative agency in their investigations if they choose to investigate. This does not preclude licensing boards from considering other information.

~~(k)~~ (p) The lead investigative agency must provide to the commissioner of human services its final dispositions, including the names of all substantiated perpetrators. The commissioner of human services shall establish records to retain the names of substantiated perpetrators.

Sec. 52. Minnesota Statutes 2016, section 626.557, subdivision 12b, is amended to read:

Subd. 12b. **Data management.** (a) In performing any of the duties of this section as a lead investigative agency, the county social service agency shall maintain appropriate records. Data collected by the county social service agency under this section are welfare data under section 13.46. Notwithstanding section 13.46, subdivision 1, paragraph (a), data under this paragraph that are inactive investigative data on an individual who is a vendor of services are private data on individuals, as defined in section 13.02. The identity of the reporter may only be disclosed as provided in paragraph ~~(c)~~ (g).

(b) Data maintained by the common entry point are ~~confidential~~ private data on individuals or ~~protected~~ nonpublic data as defined in section 13.02, provided that the name of the reporter is confidential data on individuals. Notwithstanding section 138.163, the common entry point shall maintain data for three calendar years after date of receipt and then destroy the data unless otherwise directed by federal requirements.

~~(b)~~ (c) The commissioners of health and human services shall prepare an investigation memorandum for each report alleging maltreatment investigated under this section. County social service agencies must maintain private data on individuals but are not required to prepare an investigation memorandum. During an investigation by the commissioner of health or the commissioner of human services, data collected under this section are confidential data on individuals or protected nonpublic data as defined in section 13.02,

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provided that data, other than data on the reporter, may be shared with the vulnerable adult or guardian or health care agent if the lead investigative agency determines that sharing of the data is needed to protect the vulnerable adult. Upon completion of the investigation, the data are classified as provided in ~~clauses (1) to (3) and paragraph (c)~~ paragraphs (d) to (g).

~~(1)~~ (d) The investigation memorandum must contain the following data, which are public:

~~(i)~~ (1) the name of the facility investigated;

~~(ii)~~ (2) a statement of the nature of the alleged maltreatment;

~~(iii)~~ (3) pertinent information obtained from medical or other records reviewed;

~~(iv)~~ (4) the identity of the investigator;

~~(v)~~ (5) a summary of the investigation's findings;

~~(vi)~~ (6) statement of whether the report was found to be substantiated, inconclusive, false, or that no determination will be made;

~~(vii)~~ (7) a statement of any action taken by the facility;

~~(viii)~~ (8) a statement of any action taken by the lead investigative agency; and

~~(ix)~~ (9) when a lead investigative agency's determination has substantiated maltreatment, a statement of whether an individual, individuals, or a facility were responsible for the substantiated maltreatment, if known.

The investigation memorandum must be written in a manner which protects the identity of the reporter and of the vulnerable adult and may not contain the names or, to the extent possible, data on individuals or private data on individuals listed in ~~clause (2)~~ paragraph (e).

~~(2)~~ (e) Data on individuals collected and maintained in the investigation memorandum are private data on individuals, including:

~~(i)~~ (1) the name of the vulnerable adult;

~~(ii)~~ (2) the identity of the individual alleged to be the perpetrator;

~~(iii)~~ (3) the identity of the individual substantiated as the perpetrator; and

~~(iv)~~ (4) the identity of all individuals interviewed as part of the investigation.

~~(3)~~ (f) Other data on individuals maintained as part of an investigation under this section are private data on individuals upon completion of the investigation.

~~(c)~~ (g) After the assessment or investigation is completed, the name of the reporter must be confidential~~.~~, except:

(1) the subject of the report may compel disclosure of the name of the reporter only with the consent of the reporter; or

(2) upon a written finding by a court that the report was false and there is evidence that the report was made in bad faith.

This subdivision does not alter disclosure responsibilities or obligations under the Rules of Criminal Procedure, except that where the identity of the reporter is relevant to a criminal prosecution, the district court shall do an in-camera review prior to determining whether to order disclosure of the identity of the reporter.

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~~(d)~~ (h) Notwithstanding section 138.163, data maintained under this section by the commissioners of health and human services must be maintained under the following schedule and then destroyed unless otherwise directed by federal requirements:

(1) data from reports determined to be false, maintained for three years after the finding was made;

(2) data from reports determined to be inconclusive, maintained for four years after the finding was made;

(3) data from reports determined to be substantiated, maintained for seven years after the finding was made; and

(4) data from reports which were not investigated by a lead investigative agency and for which there is no final disposition, maintained for three years from the date of the report.

~~(e)~~ (i) The commissioners of health and human services shall annually publish on their Web sites the number and type of reports of alleged maltreatment involving licensed facilities reported under this section, the number of those requiring investigation under this section, and the resolution of those investigations. On a biennial basis, the commissioners of health and human services shall jointly report the following information to the legislature and the governor:

(1) the number and type of reports of alleged maltreatment involving licensed facilities reported under this section, the number of those requiring investigations under this section, the resolution of those investigations, and which of the two lead agencies was responsible;

(2) trends about types of substantiated maltreatment found in the reporting period;

(3) ~~if there are upward trends for types of maltreatment substantiated,~~ recommendations for preventing, addressing, and responding to ~~them~~ substantiated maltreatment;

(4) efforts undertaken or recommended to improve the protection of vulnerable adults;

(5) whether and where backlogs of cases result in a failure to conform with statutory time frames and recommendations for reducing backlogs if applicable;

(6) recommended changes to statutes affecting the protection of vulnerable adults; and

(7) any other information that is relevant to the report trends and findings.

~~(f)~~ (j) Each lead investigative agency must have a record retention policy.

~~(g)~~ (k) Lead investigative agencies, prosecuting authorities, and law enforcement agencies may exchange not public data, as defined in section 13.02, if the agency or authority requesting the data determines that the data are pertinent and necessary to the requesting agency in initiating, furthering, or completing an investigation under this section. Data collected under this section must be made available to prosecuting authorities and law enforcement officials, local county agencies, and licensing agencies investigating the alleged maltreatment under this section. The lead investigative agency shall exchange not public data with the vulnerable adult maltreatment review panel established in section 256.021 if the data are pertinent and necessary for a review requested under that section. Notwithstanding section 138.17, upon completion of the review, not public data received by the review panel must be destroyed.

~~(h)~~ (l) Each lead investigative agency shall keep records of the length of time it takes to complete its investigations.

~~(i)~~ (m) Notwithstanding paragraph (a) or (b), a lead investigative agency may share common entry point or investigative data and may notify other affected parties, including the vulnerable adult and their authorized representative, if the lead investigative agency has reason to believe maltreatment has occurred and determines

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the information will safeguard the well-being of the affected parties or dispel widespread rumor or unrest in the affected facility.

~~(j)~~ (n) Under any notification provision of this section, where federal law specifically prohibits the disclosure of patient identifying information, a lead investigative agency may not provide any notice unless the vulnerable adult has consented to disclosure in a manner which conforms to federal requirements.

Sec. 53. Minnesota Statutes 2016, section 626.557, subdivision 14, is amended to read:

Subd. 14. **Abuse prevention plans.** (a) Each facility, except home health agencies and personal care ~~attendant services providers~~ assistance provider agencies, shall establish and enforce an ongoing written abuse prevention plan. The plan shall contain an assessment of the physical plant, its environment, and its population identifying factors which may encourage or permit abuse, and a statement of specific measures to be taken to minimize the risk of abuse. The plan shall comply with any rules governing the plan promulgated by the licensing agency.

(b) Each facility, including a home health care agency and personal care attendant services providers, shall develop an individual abuse prevention plan for each vulnerable adult residing there or receiving services from them. The plan shall contain an individualized assessment of: (1) the person's susceptibility to abuse by other individuals, including other vulnerable adults; (2) the person's risk of abusing other vulnerable adults; and (3) statements of the specific measures to be taken to minimize the risk of abuse to that person and other vulnerable adults. For the purposes of this paragraph, the term "abuse" includes self-abuse.

(c) If the facility, except home health agencies and personal care attendant services providers, knows that the vulnerable adult has committed a violent crime or an act of physical aggression toward others, the individual abuse prevention plan must detail the measures to be taken to minimize the risk that the vulnerable adult might reasonably be expected to pose to visitors to the facility and persons outside the facility, if unsupervised. Under this section, a facility knows of a vulnerable adult's history of criminal misconduct or physical aggression if it receives such information from a law enforcement authority or through a medical record prepared by another facility, another health care provider, or the facility's ongoing assessments of the vulnerable adult.

(d) The commissioner of health must issue a correction order and may impose an immediate fine in an amount equal to the amount listed in Minnesota Rules, part 4658.0193, item E, upon a finding that the facility has failed to comply with this subdivision.

Sec. 54. Minnesota Statutes 2016, section 626.557, subdivision 17, is amended to read:

Subd. 17. **Retaliation prohibited.** (a) A facility or person shall not retaliate against any person who reports in good faith suspected maltreatment pursuant to this section, or against a vulnerable adult with respect to whom a report is made, because of the report.

(b) In addition to any remedies allowed under sections 181.931 to 181.935, any facility or person which retaliates against any person because of a report of suspected maltreatment is liable to that person for actual damages, punitive damages up to $10,000, and attorney fees.

(c) There shall be a rebuttable presumption that any adverse action, as defined below, within 90 days of a report, is retaliatory. For purposes of this ~~clause~~ paragraph, the term "adverse action" refers to action taken by a facility or person involved in a report against the person making the report or the person with respect to whom the report was made because of the report, and includes, but is not limited to:

(1) discharge or transfer from the facility;

(2) discharge from or termination of employment;

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(3) demotion or reduction in remuneration for services;

(4) restriction or prohibition of access to the facility or its residents; or

(5) any restriction of rights set forth in section 144.651, 144A.44, or 144A.441.

Sec. 55. **ASSISTED LIVING LICENSURE AND DEMENTIA CARE TASK FORCE.**

Subdivision 1. **Creation.** (a) The Assisted Living Licensure and Dementia Care Task Force consists of 15 members, including the following:

(1) one senator appointed by the majority leader;

(2) one senator appointed by the minority leader;

(3) one member of the house of representatives appointed by the speaker of the house;

(4) one member of the house of representatives appointed by the minority leader;

(5) the ombudsman for long-term care or a designee;

(6) the ombudsman for mental health and developmental disabilities or a designee;

(7) one member appointed by ARRM;

(8) one member appointed by AARP Minnesota;

(9) one member appointed by the Alzheimer's Association Minnesota-North Dakota Chapter;

(10) one member appointed by Elder Voice Family Advocates;

(11) one member appointed by Minnesota Elder Justice Center;

(12) one member appointed by Care Providers of Minnesota;

(13) one member appointed by LeadingAge Minnesota;

(14) one member appointed by Minnesota HomeCare Association; and

(15) one member appointed by the Minnesota Council on Disability.

(b) The appointing authorities must appoint members by July 1, 2018.

(c) The ombudsman for long-term care or a designee shall act as chair of the task force and convene the first meeting no later than August 1, 2018.

Subd. 2. **Duties; recommendations.** (a) The assisted living and dementia care licensing task force shall consider and make recommendations on a new regulatory framework for assisted living establishments and dementia care. In developing the licensing framework, the task force must address at least the following:

(1) the appropriate level of regulation, including licensure, registration, or certification;

(2) coordination of care;

(3) the scope of care to be provided and limits on acuity levels of residents;

(4) consumer rights;

(5) building design and physical environment;

(6) dietary services;

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(7) support services;

(8) transition planning;

(9) the installation and use of electronic monitoring in settings in which assisted living or dementia care services are provided;

(10) staff training and qualifications;

(11) options for the engagement of seniors and their families;

(12) notices and financial requirements;

(13) compliance with federal Medicaid waiver requirements for home and community-based services settings;

(14) policies for providing advance notice to patients and residents of changes in services or charges unrelated to changes in patient or resident service or care needs;

(15) survey frequency for home care providers;

(16) terminations of services and lease terminations;

(17) appeals of terminations of services and leases; and

(18) relocations within a housing with services establishment or assisted living setting.

(b) The task force shall also:

(1) develop standards in the following areas that nursing homes, boarding care homes, and housing with services establishments offering care for clients diagnosed with Alzheimer's disease or other dementias must meet in order to obtain dementia care certification, including staffing, egress control, access to secured outdoor spaces, specialized therapeutic activities, and specialized life enrichment programming;

(2) develop requirements for disclosing dementia care certification standards to consumers; and

(3) develop mechanisms for enforcing dementia care certification standards.

(c) Facilities and providers licensed by the commissioner of human services shall be exempt from licensing requirements for assisted living recommended under this section.

Subd. 3. **Meetings.** The commissioner of health or a designee shall convene the first meeting of the task force no later than August 1, 2018. The members of the task force shall elect a chair from among the task force's members at the first meeting, and the commissioner of health or a designee shall serve as the task force's chair until a chair is elected. Meetings of the task force shall be open to the public.

Subd. 4. **Compensation.** Members of the task force appointed under subdivision 1, paragraph (b), shall serve without compensation or reimbursement for expenses.

Subd. 5. **Administrative support.** The commissioner of health shall provide administrative support for the task force and arrange meeting space.

Subd. 6. **Report.** By February 1, 2019, the task force must submit an interim report with findings, recommendations, and draft legislation to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance. By January 15, 2020, the task force must submit a final report with findings, recommendations, and draft legislation to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance.

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Subd. 7. **Expiration.** The task force expires January 16, 2020, or the day after the task force submits the final report required under subdivision 6, whichever is later.

Sec. 56. **ASSISTED LIVING REPORT CARD WORKING GROUP.**

Subdivision 1. **Establishment; membership.** (a) An assisted living report card working group, tasked with researching and making recommendations on the development of an assisted living report card, is established.

(b) The commissioner of human services shall appoint the following members of the working group:

(1) two persons who reside in senior housing with services establishments, one residing in an establishment in the seven-county metropolitan area and one residing in an establishment outside the seven-county metropolitan area;

(2) four representatives of the senior housing with services profession, two providing services in the seven-county metropolitan area and two providing services outside the seven-county metropolitan area;

(3) one family member of a person who resides in a senior housing with services establishment in the seven-county metropolitan area, and one family member of a person who resides in a senior housing with services establishment outside the seven-county metropolitan area;

(4) a representative from the Home Care and Assisted Living Program Advisory Council;

(5) a representative from the University of Minnesota with expertise in data and analytics;

(6) a representative from Care Providers of Minnesota; and

(7) a representative from LeadingAge Minnesota.

(c) The following individuals shall also be appointed to the working group:

(1) the commissioner of human services or a designee;

(2) the commissioner of health or a designee;

(3) the ombudsman for long-term care or a designee;

(4) one member of the Minnesota Board on Aging, appointed by the board; and

(5) the executive director of the Minnesota Board on Aging who shall serve on the working group as a nonvoting member.

(d) The appointing authorities under this subdivision must complete the appointments no later than July 1, 2018.

Subd. 2. **Duties.** The assisted living report card working group shall consider and make recommendations on the development of an assisted living report card. The quality metrics considered shall include, but are not limited to:

(1) an annual customer satisfaction survey measure using the CoreQ questions for assisted-living residents and family members;

(2) a measure utilizing level 3 or 4 citations from Department of Health home care survey findings and substantiated Office of Health Facility Complaints findings against a home care provider;

(3) a home care staff retention measure; and

(4) a measure that scores a provider's staff according to their level of training and education.

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Subd. 3. **Meetings.** The commissioner of human services or a designee shall convene the first meeting of the working group no later than August 1, 2018. The members of the working group shall elect a chair from among the group's members at the first meeting, and the commissioner of human services or a designee shall serve as the working group's chair until a chair is elected. Meetings of the working group shall be open to the public.

Subd. 4. **Compensation.** Members of the working group shall serve without compensation or reimbursement for expenses.

Subd. 5. **Administrative support.** The commissioner of human services shall provide administrative support and arrange meeting space for the working group.

Subd. 6. **Report.** By January 15, 2019, the working group must submit a report with findings, recommendations, and draft legislation to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance.

Subd. 7. **Expiration.** The working group expires January 16, 2019, or the day after the working group submits the report required in subdivision 6, whichever is later.

Sec. 57. **CRIMES AGAINST VULNERABLE ADULTS ADVISORY TASK FORCE.**

Subdivision 1. **Task force established; membership.** (a) The Crimes Against Vulnerable Adults Advisory Task Force is established and consists of the following members:

(1) the commissioner of public safety or a designee;

(2) the commissioner of human services or a designee;

(3) the commissioner of health or a designee;

(4) the attorney general or a designee;

(5) a representative from the Minnesota Bar Association;

(6) a representative from the Minnesota judicial branch;

(7) one member appointed by the Minnesota County Attorneys Association;

(8) one member appointed by the Minnesota Association of City Attorneys;

(9) one member appointed by the Minnesota Elder Justice Center;

(10) one member appointed by the Minnesota Home Care Association;

(11) one member appointed by Care Providers of Minnesota;

(12) one member appointed by LeadingAge Minnesota;

(13) one member appointed by ARC Minnesota;

(14) one member appointed by AARP Minnesota; and

(15) one representative from a union that represents persons working in long-term care settings.

(b) The advisory task force may appoint additional members that it deems would be helpful in carrying out its duties under subdivision 2.

(c) The appointing authorities must complete the appointments listed in paragraph (a) by July 1, 2018.

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(d) At its first meeting, the task force shall elect a chair from among the members listed in paragraph (a).

Subd. 2. **Duties; recommendations and report.** (a) The advisory task force's duties are to review and evaluate laws relating to crimes against vulnerable adults, and any other information the task force deems relevant.

(b) By December 1, 2018, the advisory task force shall submit a report to the chairs and ranking minority members of the legislative committees with primary jurisdiction over health and human services and criminal policy. The report must contain the task force's findings and recommendations, including a discussion of the benefits and problems associated with proposed changes. The report must include draft legislation to implement any recommended changes to statute.

Subd. 3. **Administrative provisions.** (a) The commissioner of human services shall provide meeting space and administrative support to the advisory task force.

(b) The commissioners of human services and health and the attorney general shall provide technical assistance to the advisory task force.

(c) Advisory task force members shall serve without compensation and shall not be reimbursed for expenses.

Subd. 4. **Expiration.** The advisory task force expires May 20, 2019.

Sec. 58. **DIRECTION TO COMMISSIONER OF HEALTH; PROGRESS IN IMPLEMENTING RECOMMENDATIONS OF LEGISLATIVE AUDITOR.**

By March 1, 2019, the commissioner of health must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over health, human services, or aging on the progress toward implementing each recommendation of the Office of the Legislative Auditor with which the commissioner agreed in the commissioner's letter to the legislative auditor dated March 1, 2018. The commissioner shall include in the report existing data collected in the course of the commissioner's continuing oversight of the Office of Health Facility Complaints sufficient to demonstrate the implementation of the recommendations with which the commissioner agreed.

Sec. 59. **REPORTS; OFFICE OF HEALTH FACILITY COMPLAINTS' RESPONSE TO VULNERABLE ADULT MALTREATMENT ALLEGATIONS.**

(a) On a quarterly basis until January 2021, and annually thereafter, the commissioner of health must publish on the Department of Health Web site, a report on the Office of Health Facility Complaints' response to allegations of maltreatment of vulnerable adults. The report must include:

(1) a description and assessment of the office's efforts to improve its internal processes and compliance with federal and state requirements concerning allegations of maltreatment of vulnerable adults, including any relevant timelines;

(2)(i) the number of reports received by type of reporter; (ii) the number of reports investigated; (iii) the percentage and number of reported cases awaiting triage; (iv) the number and percentage of open investigations; (v) the number and percentage of reports that have failed to meet state or federal timelines for triaging, investigating, or making a final disposition of an investigation by cause of delay; and (vi) processes the office will implement to bring the office into compliance with state and federal timelines for triaging, investigating, and making final dispositions of investigations;

(3) a trend analysis of internal audits conducted by the office; and

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(4) trends and patterns in maltreatment of vulnerable adults, licensing violations by facilities or providers serving vulnerable adults, and other metrics as determined by the commissioner.

(b) The commissioner shall maintain on the Department of Health Web site reports published under this section for at least the past three years.

Sec. 60. **REPORT; SAFETY AND QUALITY IMPROVEMENT PRACTICES.**

By January 15, 2019, the safety and quality improvement technical panel established under Minnesota Statutes, section 144A.53, subdivision 5, shall provide recommendations to the legislature on legislative changes needed to promote safety and quality improvement practices in long-term care settings and with long-term care providers. The recommendations must address:

(1) how to implement a system for adverse health events reporting, learning, and prevention in long-term care settings and with long-term care providers; and

(2) interim actions to improve systems for the timely analysis of reports and complaints submitted to the Office of Health Facility Complaints to identify common themes and key prevention opportunities, and to disseminate key findings to providers across the state for the purposes of shared learning and prevention.

Sec. 61. **REPEALER.**

Minnesota Statutes 2016, section 144A.479, subdivision 2, is repealed.

ARTICLE 40

CHILDREN AND FAMILIES; LICENSING

Section 1. Minnesota Statutes 2016, section 119B.011, is amended by adding a subdivision to read:

Subd. 13b. **Homeless.** "Homeless" means a self-declared housing status as defined in the McKinney-Vento Homeless Assistance Act and United States Code, title 42, section 11302, paragraph (a).

EFFECTIVE DATE. This section is effective August 12, 2019.

Sec. 2. Minnesota Statutes 2016, section 119B.011, subdivision 19, is amended to read:

Subd. 19. **Provider.** "Provider" means: (1) an individual or child care center or facility~~, either licensed or unlicensed,~~ providing licensed legal child care services as defined under section 245A.03; ~~or~~ (2) a license exempt center required to be certified under chapter 245H;

(3) an individual or child care center or facility ~~holding~~ that:

(i) holds a valid child care license issued by another state or a tribe ~~and providing~~;

(ii) provides child care services in the licensing state or in the area under the licensing tribe's jurisdiction; and

(iii) is in compliance with federal health and safety requirements as certified by the licensing state or tribe, or as determined by receipt of child care development block grant funds in the licensing state; or

(4) a legal nonlicensed child care provider as defined under section 119B.011, subdivision 16, providing legal child care services. A ~~legally unlicensed family~~ legal nonlicensed child care provider must be at least 18 years of age, and not a member of the MFIP assistance unit or a member of the family receiving child care assistance to be authorized under this chapter.

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EFFECTIVE DATE. This section is effective September 24, 2018.

Sec. 3. Minnesota Statutes 2017 Supplement, section 119B.011, subdivision 20, is amended to read:

Subd. 20. **Transition year families.** "Transition year families" means families who have received MFIP assistance, or who were eligible to receive MFIP assistance after choosing to discontinue receipt of the cash portion of MFIP assistance under section 256J.31, subdivision 12, or families who have received DWP assistance under section 256J.95 for at least ~~three~~ one of the last six months before losing eligibility for MFIP or DWP. Notwithstanding Minnesota Rules, parts 3400.0040, subpart 10, and 3400.0090, subpart 2, transition year child care may be used to support employment, approved education or training programs, or job search that meets the requirements of section 119B.10. Transition year child care is not available to families who have been disqualified from MFIP or DWP due to fraud.

EFFECTIVE DATE. This section is effective October 8, 2018.

Sec. 4. Minnesota Statutes 2016, section 119B.02, subdivision 7, is amended to read:

Subd. 7. **Child care market rate survey.** ~~Biennially,~~ The commissioner shall conduct the next survey of prices charged by child care providers in Minnesota in state fiscal year 2021 and every three years thereafter to determine the 75th percentile for like-care arrangements in county price clusters.

Sec. 5. Minnesota Statutes 2017 Supplement, section 119B.025, subdivision 1, is amended to read:

Subdivision 1. **Applications.** (a) Except as provided in paragraph (c), clause (4), the county shall verify the following at all initial child care applications using the universal application:

(1) identity of adults;

(2) presence of the minor child in the home, if questionable;

(3) relationship of minor child to the parent, stepparent, legal guardian, eligible relative caretaker, or the spouses of any of the foregoing;

(4) age;

(5) immigration status, if related to eligibility;

(6) Social Security number, if given;

(7) counted income;

(8) spousal support and child support payments made to persons outside the household;

(9) residence; and

(10) inconsistent information, if related to eligibility.

(b) The county must mail a notice of approval or denial of assistance to the applicant within 30 calendar days after receiving the application. The county may extend the response time by 15 calendar days if the applicant is informed of the extension.

(c) For an applicant who declares that the applicant is homeless and who meets the definition of homeless in section 119B.011, subdivision 13b, the county must:

(1) if information is needed to determine eligibility, send a request for information to the applicant within five working days after receiving the application;

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(2) if the applicant is eligible, send a notice of approval of assistance within five working days after receiving the application;

(3) if the applicant is ineligible, send a notice of denial of assistance within 30 days after receiving the application. The county may extend the response time by 15 calendar days if the applicant is informed of the extension;

(4) not require verifications required by paragraph (a) before issuing the notice of approval or denial; and

(5) follow limits set by the commissioner for how frequently expedited application processing may be used for an applicant who declares that the applicant is homeless.

(d) An applicant who declares that the applicant is homeless must submit proof of eligibility within three months of the date the application was received. If proof of eligibility is not submitted within three months, eligibility ends. A 15-day adverse action notice is required to end eligibility.

EFFECTIVE DATE. This section is effective August 12, 2019.

Sec. 6. Minnesota Statutes 2016, section 119B.03, subdivision 9, is amended to read:

Subd. 9. **Portability pool.** (a) The commissioner shall establish a pool of up to five percent of the annual appropriation for the basic sliding fee program to provide continuous child care assistance for eligible families who move between Minnesota counties. At the end of each allocation period, any unspent funds in the portability pool must be used for assistance under the basic sliding fee program. If expenditures from the portability pool exceed the amount of money available, the reallocation pool must be reduced to cover these shortages.

(b) ~~To be eligible for portable basic sliding fee assistance,~~ A family that has moved from a county in which it was receiving basic sliding fee assistance to a county with a waiting list for the basic sliding fee program must:

(1) meet the income and eligibility guidelines for the basic sliding fee program; and

(2) notify ~~the new county of residence within 60 days of moving and submit information to the new county of residence to verify eligibility for the basic sliding fee program~~ the family's previous county of residence of the family's move to a new county of residence.

(c) The receiving county must:

(1) accept administrative responsibility for applicants for portable basic sliding fee assistance at the end of the two months of assistance under the Unitary Residency Act;

(2) continue portability pool basic sliding fee assistance ~~for the lesser of six months or~~ until the family is able to receive assistance under the county's regular basic sliding program; and

(3) notify the commissioner through the quarterly reporting process of any family that meets the criteria of the portable basic sliding fee assistance pool.

EFFECTIVE DATE. This section is effective October 8, 2018.

Sec. 7. Minnesota Statutes 2017 Supplement, section 119B.06, subdivision 1, is amended to read:

Subdivision 1. **Commissioner to administer block grant.** The commissioner is authorized and directed to receive, administer, and expend child care funds available under the child care and development block grant authorized under the Child Care and Development Block Grant Act of 2014, Public Law 113-186. From the discretionary amounts provided for federal fiscal year 2018 and reserved for quality activities, the

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commissioner shall ensure that funds are prioritized to increase the availability of training and business planning assistance for child care providers.

Sec. 8. Minnesota Statutes 2016, section 119B.06, is amended by adding a subdivision to read:

Subd. 4. **Administration of additional funds.** If the state of Minnesota receives additional federal child care development block grant funds (CCDBG) in federal fiscal year 2018 under the federal Consolidated Appropriations Act of 2018, Public Law 115-141, and any subsequent federal appropriation for federal fiscal year 2019, compared to CCDBG funds received in federal fiscal year 2017, the commissioner shall allocate the additional funds to provisions enacted in state law in 2018 to comply with the Child Care Development Block Grant Act of 2014, and to child care provider rates under section 119B.13. The commissioner shall allocate the additional federal funds to maximize child care rates during the time the additional federal funding is available. The commissioner must allocate any additional federal funding received after federal fiscal year 2019, at the level received in federal fiscal year 2019, to compliance provisions enacted in state law in 2018 and to child care rates under section 119B.13. If federal CCDBG funds are less than the amount received in federal fiscal year 2017, the commissioner, in consultation with the commissioner of management and budget, shall administer funding for child care programs to ensure that the amount of general fund money allocated to child care programs does not increase to replace the reduction in federal CCDBG funds.

Sec. 9. Minnesota Statutes 2017 Supplement, section 119B.09, subdivision 1, is amended to read:

Subdivision 1. **General eligibility requirements.** (a) Child care services must be available to families who need child care to find or keep employment or to obtain the training or education necessary to find employment and who:

(1) have household income less than or equal to 67 percent of the state median income, adjusted for family size, at application and redetermination, and meet the requirements of section 119B.05; receive MFIP assistance; and are participating in employment and training services under chapter 256J; or

(2) have household income less than or equal to 47 percent of the state median income, adjusted for family size, at application and less than or equal to 67 percent of the state median income, adjusted for family size, at redetermination.

(b) Child care services must be made available as in-kind services.

(c) All applicants for child care assistance and families currently receiving child care assistance must be assisted and required to cooperate in establishment of paternity and enforcement of child support obligations for all children in the family at application and redetermination as a condition of program eligibility. For purposes of this section, a family is considered to meet the requirement for cooperation when the family complies with the requirements of section 256.741.

(d) All applicants for child care assistance and families currently receiving child care assistance must pay the co-payment fee under section 119B.12, subdivision 2, as a condition of eligibility. The co-payment fee may include additional recoupment fees due to a child care assistance program overpayment.

(e) If a family has one child with a child care authorization and the child turns 13 years of age or the child has a disability and turns 15 years of age, the family remains eligible until the redetermination.

EFFECTIVE DATE. This section is effective October 8, 2018.

Sec. 10. Minnesota Statutes 2017 Supplement, section 119B.095, subdivision 2, is amended to read:

Subd. 2. **Maintain steady child care authorizations.** (a) Notwithstanding Minnesota Rules, chapter 3400, the amount of child care authorized under section 119B.10 for employment, education, or an MFIP

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or DWP employment plan shall continue at the same number of hours or more hours until redetermination, including:

(1) when the other parent moves in and is employed or has an education plan under section 119B.10, subdivision 3, or has an MFIP or DWP employment plan; or

(2) when the participant's work hours are reduced or a participant temporarily stops working or attending an approved education program. Temporary changes include, but are not limited to, a medical leave, seasonal employment fluctuations, or a school break between semesters.

(b) The county may increase the amount of child care authorized at any time if the participant verifies the need for increased hours for authorized activities.

(c) The county may reduce the amount of child care authorized if a parent requests a reduction or because of a change in:

(1) the child's school schedule;

(2) the custody schedule; or

(3) the provider's availability.

(d) The amount of child care authorized for a family subject to subdivision 1, paragraph (b), must change when the participant's activity schedule changes. Paragraph (a) does not apply to a family subject to subdivision 1, paragraph (b).

(e) When a child reaches 13 years of age or a child with a disability reaches 15 years of age, the amount of child care authorized shall continue at the same number of hours or more hours until redetermination.

EFFECTIVE DATE. This section is effective October 8, 2018.

Sec. 11. Minnesota Statutes 2017 Supplement, section 119B.095, is amended by adding a subdivision to read:

Subd. 3. **Assistance for persons who are experiencing homelessness.** An applicant who is homeless and eligible for child care assistance under this chapter is eligible for 60 hours of child care assistance per service period for three months from the date the county receives the application. Additional hours may be authorized as needed based on the applicant's participation in employment, education, or MFIP or DWP employment plan. To continue receiving child care assistance after the initial three months, the parent must verify that the parent meets eligibility and activity requirements for child care assistance under this chapter.

EFFECTIVE DATE. This section is effective August 12, 2019.

Sec. 12. Minnesota Statutes 2017 Supplement, section 119B.13, subdivision 1, is amended to read:

Subdivision 1. **Subsidy restrictions.** (a) ~~Beginning February 3, 2014,~~ The maximum rate paid for child care assistance in any county or county price cluster under the child care fund shall be the greater of the ~~25th~~ percentile ~~of the 2011~~ calculated by the commissioner under section 119B.06, subdivision 4, but not to exceed the 25th percentile, of the most recent child care provider rate survey under section 119B.02, subdivision 7, or the ~~maximum rate effective November 28, 2011~~ rates in effect at the time of the most recent child care provider rate survey. For a child care provider located within the boundaries of a city located in two or more of the counties of Benton, Sherburne, and Stearns, the maximum rate paid for child care assistance shall be equal to the maximum rate paid in the county with the highest maximum reimbursement rates or the provider's charge, whichever is less. The commissioner may: (1) assign a county with no reported provider prices to a similar price cluster; and (2) consider county level access when determining final price clusters.

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(b) A rate which includes a special needs rate paid under subdivision 3 may be in excess of the maximum rate allowed under this subdivision.

(c) The department shall monitor the effect of this paragraph on provider rates. The county shall pay the provider's full charges for every child in care up to the maximum established. The commissioner shall determine the maximum rate for each type of care on an hourly, full-day, and weekly basis, including special needs and disability care.

(d) If a child uses one provider, the maximum payment for one day of care must not exceed the daily rate. The maximum payment for one week of care must not exceed the weekly rate.

(e) If a child uses two providers under section 119B.097, the maximum payment must not exceed:

(1) the daily rate for one day of care;

(2) the weekly rate for one week of care by the child's primary provider; and

(3) two daily rates during two weeks of care by a child's secondary provider.

(f) Child care providers receiving reimbursement under this chapter must not be paid activity fees or an additional amount above the maximum rates for care provided during nonstandard hours for families receiving assistance.

(g) If the provider charge is greater than the maximum provider rate allowed, the parent is responsible for payment of the difference in the rates in addition to any family co-payment fee.

(h) All maximum provider rates changes shall be implemented on the Monday following the effective date of the maximum provider rate.

(i) Notwithstanding Minnesota Rules, part 3400.0130, subpart 7, maximum registration fees in effect on January 1, 2013, shall remain in effect.

EFFECTIVE DATE. This section is effective for child care provider payments beginning February 22, 2019.

Sec. 13. Minnesota Statutes 2017 Supplement, section 245A.06, subdivision 8, is amended to read:

Subd. 8. **Requirement to post ~~correction order~~ conditional license.** ~~(a)~~ For licensed family child care providers and child care centers, upon receipt of any ~~correction order or~~ order of conditional license issued by the commissioner under this section, and notwithstanding a pending request for reconsideration of the ~~correction order or~~ order of conditional license by the license holder, the license holder shall post the ~~correction order or~~ order of conditional license in a place that is conspicuous to the people receiving services and all visitors to the facility for two years. When the ~~correction order or~~ order of conditional license is accompanied by a maltreatment investigation memorandum prepared under section 626.556 or 626.557, the investigation memoranda must be posted with the ~~correction order or~~ order of conditional license.

~~(b) If the commissioner reverses or rescinds a violation in a correction order upon reconsideration under subdivision 2, the commissioner shall issue an amended correction order and the license holder shall post the amended order according to paragraph (a).~~

~~(c) If the correction order is rescinded or reversed in full upon reconsideration under subdivision 2, the license holder shall remove the original correction order posted according to paragraph (a).~~

Sec. 14. Minnesota Statutes 2016, section 245A.175, is amended to read:

245A.175 CHILD FOSTER CARE TRAINING REQUIREMENT; MENTAL HEALTH TRAINING; FETAL ALCOHOL SPECTRUM DISORDERS TRAINING.

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Prior to a nonemergency placement of a child in a foster care home, the child foster care license holder and caregivers in foster family and treatment foster care settings, and all staff providing care in foster residence settings must complete two hours of training that addresses the causes, symptoms, and key warning signs of mental health disorders; cultural considerations; and effective approaches for dealing with a child's behaviors. At least one hour of the annual training requirement for the foster family license holder and caregivers, and foster residence staff must be on children's mental health issues and treatment. Except for providers and services under chapter 245D, the annual training must also include at least one hour of training on fetal alcohol spectrum disorders ~~within the first 12 months of licensure. After the first 12 months of licensure, training on fetal alcohol spectrum disorders may count~~, which must be counted toward the 12 hours of required in-service training per year. Short-term substitute caregivers are exempt from these requirements. Training curriculum shall be approved by the commissioner of human services.

Sec. 15. Minnesota Statutes 2017 Supplement, section 245A.50, subdivision 7, is amended to read:

Subd. 7. **Training requirements for family and group family child care.** (a) For purposes of family and group family child care, the license holder and each primary caregiver must complete 16 hours of ongoing training each year. For purposes of this subdivision, a primary caregiver is an adult caregiver who provides services in the licensed setting for more than 30 days in any 12-month period. Repeat of topical training requirements in subdivisions 2 to ~~8~~ 9 shall count toward the annual 16-hour training requirement. Additional ongoing training subjects to meet the annual 16-hour training requirement must be selected from the following areas:

(1) child development and learning training under subdivision 2, paragraph (a);

(2) developmentally appropriate learning experiences, including training in creating positive learning experiences, promoting cognitive development, promoting social and emotional development, promoting physical development, promoting creative development; and behavior guidance;

(3) relationships with families, including training in building a positive, respectful relationship with the child's family;

(4) assessment, evaluation, and individualization, including training in observing, recording, and assessing development; assessing and using information to plan; and assessing and using information to enhance and maintain program quality;

(5) historical and contemporary development of early childhood education, including training in past and current practices in early childhood education and how current events and issues affect children, families, and programs;

(6) professionalism, including training in knowledge, skills, and abilities that promote ongoing professional development; and

(7) health, safety, and nutrition, including training in establishing healthy practices; ensuring safety; and providing healthy nutrition.

(b) A family or group family child care license holder or primary caregiver who is an approved trainer through the Minnesota Center for Professional Development and who conducts an approved training course through the Minnesota Center for Professional Development in any of the topical training in subdivisions 2 to 9 shall receive training credit for the training topic in the applicable annual period. Each hour of approved training conducted shall count toward the annual 16-hour training requirement.

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

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Sec. 16. Minnesota Statutes 2016, section 254A.035, subdivision 2, is amended to read:

Subd. 2. **Membership terms, compensation, removal and expiration.** The membership of this council shall be composed of 17 persons who are American Indians and who are appointed by the commissioner. The commissioner shall appoint one representative from each of the following groups: Red Lake Band of Chippewa Indians; Fond du Lac Band, Minnesota Chippewa Tribe; Grand Portage Band, Minnesota Chippewa Tribe; Leech Lake Band, Minnesota Chippewa Tribe; Mille Lacs Band, Minnesota Chippewa Tribe; Bois Forte Band, Minnesota Chippewa Tribe; White Earth Band, Minnesota Chippewa Tribe; Lower Sioux Indian Reservation; Prairie Island Sioux Indian Reservation; Shakopee Mdewakanton Sioux Indian Reservation; Upper Sioux Indian Reservation; International Falls Northern Range; Duluth Urban Indian Community; and two representatives from the Minneapolis Urban Indian Community and two from the St. Paul Urban Indian Community. The terms, compensation, and removal of American Indian Advisory Council members shall be as provided in section 15.059. The council expires June 30, ~~2018~~ 2023.

Sec. 17. Minnesota Statutes 2016, section 256.01, subdivision 14b, is amended to read:

Subd. 14b. **American Indian child welfare projects.** (a) The commissioner of human services may authorize projects to test tribal delivery of child welfare services to American Indian children and their parents and custodians living on the reservation. The commissioner has authority to solicit and determine which tribes may participate in a project. Grants may be issued to Minnesota Indian tribes to support the projects. The commissioner may waive existing state rules as needed to accomplish the projects. The commissioner may authorize projects to use alternative methods of (1) investigating and assessing reports of child maltreatment, and (2) administrative reconsideration, administrative appeal, and judicial appeal of maltreatment determinations, provided the alternative methods used by the projects comply with the provisions of sections 256.045 and 626.556 dealing with the rights of individuals who are the subjects of reports or investigations, including notice and appeal rights and data practices requirements. The commissioner may seek any federal approvals necessary to carry out the projects as well as seek and use any funds available to the commissioner, including use of federal funds, foundation funds, existing grant funds, and other funds. The commissioner is authorized to advance state funds as necessary to operate the projects. Federal reimbursement applicable to the projects is appropriated to the commissioner for the purposes of the projects. The projects must be required to address responsibility for safety, permanency, and well-being of children.

(b) For the purposes of this section, "American Indian child" means a person under 21 years old and who is a tribal member or eligible for membership in one of the tribes chosen for a project under this subdivision and who is residing on the reservation of that tribe.

(c) In order to qualify for an American Indian child welfare project, a tribe must:

(1) be one of the existing tribes with reservation land in Minnesota;

(2) have a tribal court with jurisdiction over child custody proceedings;

(3) have a substantial number of children for whom determinations of maltreatment have occurred;

(4) have capacity to respond to reports of abuse and neglect under section 626.556;

(5) provide a wide range of services to families in need of child welfare services; and

(6) have a tribal-state title IV-E agreement in effect.

(d) Grants awarded under this section may be used for the nonfederal costs of providing child welfare services to American Indian children on the tribe's reservation, including costs associated with:

(1) assessment and prevention of child abuse and neglect;

(2) family preservation;

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(3) facilitative, supportive, and reunification services;

(4) out-of-home placement for children removed from the home for child protective purposes; and

(5) other activities and services approved by the commissioner that further the goals of providing safety, permanency, and well-being of American Indian children.

(e) When a tribe has initiated a project and has been approved by the commissioner to assume child welfare responsibilities for American Indian children of that tribe under this section, the affected county social service agency is relieved of responsibility for responding to reports of abuse and neglect under section 626.556 for those children during the time within which the tribal project is in effect and funded. The commissioner shall work with tribes and affected counties to develop procedures for data collection, evaluation, and clarification of ongoing role and financial responsibilities of the county and tribe for child welfare services prior to initiation of the project. Children who have not been identified by the tribe as participating in the project shall remain the responsibility of the county. Nothing in this section shall alter responsibilities of the county for law enforcement or court services.

(f) Participating tribes may conduct children's mental health screenings under section 245.4874, subdivision 1, paragraph (a), clause (12), for children who are eligible for the initiative and living on the reservation and who meet one of the following criteria:

(1) the child must be receiving child protective services;

(2) the child must be in foster care; or

(3) the child's parents must have had parental rights suspended or terminated.

Tribes may access reimbursement from available state funds for conducting the screenings. Nothing in this section shall alter responsibilities of the county for providing services under section 245.487.

(g) Participating tribes may establish a local child mortality review panel. In establishing a local child mortality review panel, the tribe agrees to conduct local child mortality reviews for child deaths or near-fatalities occurring on the reservation under subdivision 12. Tribes with established child mortality review panels shall have access to nonpublic data and shall protect nonpublic data under subdivision 12, paragraphs (c) to (e). The tribe shall provide written notice to the commissioner and affected counties when a local child mortality review panel has been established and shall provide data upon request of the commissioner for purposes of sharing nonpublic data with members of the state child mortality review panel in connection to an individual case.

(h) The commissioner shall collect information on outcomes relating to child safety, permanency, and well-being of American Indian children who are served in the projects. Participating tribes must provide information to the state in a format and completeness deemed acceptable by the state to meet state and federal reporting requirements.

(i) In consultation with the White Earth Band, the commissioner shall develop and submit to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services a plan to transfer legal responsibility for providing child protective services to White Earth Band member children residing in Hennepin County to the White Earth Band. The plan shall include a financing proposal, definitions of key terms, statutory amendments required, and other provisions required to implement the plan. The commissioner shall submit the plan by January 15, 2012.

(j) The commissioner and the Red Lake Nation, in consultation with Beltrami County, Clearwater County, and Lake of the Woods County, shall develop a proposal to transfer legal and financial responsibility to the tribe for providing child welfare and child protection services to tribal members and families who reside on the Red Lake Reservation in Beltrami, Clearwater, and Lake of the Woods Counties. The proposal shall be provided to the members of the house of representatives and senate committees with jurisdiction over health and human services no later than January 15, 2019.

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Sec. 18. Minnesota Statutes 2016, section 256K.45, subdivision 2, is amended to read:

Subd. 2. **Homeless youth report.** The commissioner shall prepare a biennial report, beginning in February 2015, which provides meaningful information to the legislative committees having jurisdiction over the issue of homeless youth, that includes, but is not limited to: (1) a list of the areas of the state with the greatest need for services and housing for homeless youth, and the level and nature of the needs identified; (2) details about grants made; (3) the distribution of funds throughout the state based on population need; (4) follow-up information, if available, on the status of homeless youth and whether they have stable housing two years after services are provided; and (5) any other outcomes for populations served to determine the effectiveness of the programs and use of funding. The commissioner is exempt from preparing this report in 2019 and must instead update the 2007 report on homeless youth under section 24.

Sec. 19. **[256K.46] STABLE HOUSING AND SUPPORT SERVICES FOR VULNERABLE YOUTH.**

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

(a) "Eligible applicant" means a program licensed by the commissioner of human services to provide transitional housing and support services to youth. An eligible applicant must have staff on site 24 hours per day and must have established confidentiality protocols as required by state and federal law.

(b) "Living essentials" means clothing, toiletries, transportation, interpreters, other supplies, and services necessary for daily living.

(c) "Support services" has the meaning given in section 256E.33, subdivision 1, paragraph (b), and includes crisis intervention, conflict mediation, family reunification services, educational services, and employment resources.

(d) "Transitional housing" means secure shelter and housing that:

(1) is provided at low or no cost;

(2) is designed to assist people transitioning from homelessness, family or relationship violence, or sexual exploitation, to living independently in the community; and

(3) provides residents with regular staff interaction, supervision plans, and living skills training and assistance.

(e) "Vulnerable youth" means youth 13 years of age through 17 years of age who have reported histories of sexual exploitation or family or relationship violence. Vulnerable youth includes youth who are homeless and youth who are parents and their children.

Subd. 2. **Grants authorized.** The commissioner of human services may award grants to eligible applicants to plan, establish, or operate programs to provide transitional housing and support services to vulnerable youth. An applicant may apply for and the commissioner may award grants for two-year periods, and the commissioner shall determine the number of grants awarded. The commissioner may reallocate underspending among grantees within the same grant period.

Subd. 3. **Program variance.** For purposes of this grant program, the commissioner may grant a program variance under chapter 245A allowing a program licensed to provide transitional housing and support services to youth 16 years of age through 17 years of age to serve youth 13 years of age through 17 years of age.

Subd. 4. **Allocation of grants.** (a) An application must be on a form and contain information as specified by the commissioner but at a minimum must contain:

(1) a description of the purpose or project for which grant funds will be used;

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(2) a description of the specific problem the grant funds are intended to address;

(3) a description of achievable objectives, a work plan, and a timeline for implementation and completion of processes or projects enabled by the grant;

(4) a description of the eligible applicant's existing frameworks and experience providing transitional housing and support services to vulnerable youth; and

(5) a proposed process for documenting and evaluating results of the grant.

(b) Grant funds allocated under this section may be used for purposes that include, but are not limited to, the following:

(1) transitional housing, meals, and living essentials for vulnerable youth and their children;

(2) support services;

(3) mental health and substance use disorder counseling;

(4) staff training;

(5) case management and referral services; and

(6) aftercare and follow-up services, including ongoing adult and peer support.

(c) The commissioner shall review each application to determine whether the application is complete and whether the applicant and the project are eligible for a grant. In evaluating applications, the commissioner shall establish criteria including, but not limited to:

(1) the eligibility of the applicant or project;

(2) the applicant's thoroughness and clarity in describing the problem grant funds are intended to address;

(3) a description of the population demographics and service area of the proposed project; and

(4) the proposed project's longevity and demonstrated financial sustainability after the initial grant period.

(d) In evaluating applications, the commissioner may request additional information regarding a proposed project, including information on project cost. An applicant's failure to provide the information requested disqualifies an applicant.

Subd. 5. **Awarding of grants.** The commissioner must notify grantees of awards by January 1, 2019.

Subd. 6. **Update.** The commissioner shall consult with providers serving homeless youth, sex-trafficked youth, or sexually exploited youth, including providers serving older youth under the Safe Harbor Act and Homeless Youth Act to make recommendations that resolve conflicting requirements placed on providers and foster best practices in delivering services to these populations of older youth. The recommendations may include the development of additional certifications not currently available under Minnesota Rules, chapter 2960. The commissioner shall provide an update on the stakeholder work and recommendations identified through this process to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services finance and policy by January 15, 2019.

Sec. 20. Minnesota Statutes 2016, section 260.835, subdivision 2, is amended to read:

Subd. 2. **Expiration.** The American Indian Child Welfare Advisory Council expires June 30, ~~2018~~ 2023.

Sec. 21. **[260C.008] FOSTER CARE SIBLING BILL OF RIGHTS.**

Subdivision 1. **Statement of rights.** (a) A child placed in foster care who has a sibling has the right to:

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(1) be placed in foster care homes with the child's siblings, when possible and when it is in the best interest of each sibling, in order to sustain family relationships;

(2) be placed in close geographical distance to the child's siblings, if placement together is not possible, to facilitate frequent and meaningful contact;

(3) have frequent contact with the child's siblings in foster care and, whenever possible, with the child's siblings who are not in foster care, unless the responsible social services agency has documented that contact is not in the best interest of any sibling. Contact includes, but is not limited to, telephone calls, text messaging, social media and other Internet use, and video calls;

(4) annually receive a telephone number, address, and e-mail address for all siblings in foster care, and receive updated photographs of siblings regularly, by regular mail or e-mail;

(5) participate in regular face-to-face visits with the child's siblings in foster care and, whenever possible, with the child's siblings who are not in foster care. Participation in these visits shall not be withheld or restricted as a consequence for behavior, and shall only be restricted if the responsible social services agency documents that the visits are contrary to the safety or well-being of any sibling. Social workers, parents, foster care providers, and older children must cooperate to ensure regular visits and must coordinate dates, times, transportation, and other accommodations as necessary. The timing and regularity of visits shall be outlined in each sibling's service plan, based on the individual circumstances and needs of each child. A social worker need not give explicit permission for each visit or possible overnight visit, but foster care providers shall communicate with social workers about these visits;

(6) be actively involved in each other's lives and share celebrations, if they choose to do so, including but not limited to birthdays, holidays, graduations, school and extracurricular activities, cultural customs in the siblings' native language, and other milestones;

(7) be promptly informed about changes in sibling placements or circumstances, including but not limited to new placements, discharge from placements, significant life events, and discharge from foster care;

(8) be included in permanency planning decisions for siblings, if appropriate; and

(9) be informed of the expectations for and possibility of continued contact with a sibling after an adoption or transfer of permanent physical and legal custody to a relative.

(b) Adult siblings of children in foster care shall have the right to be considered as foster care providers, adoptive parents, and relative custodians for their siblings, if they choose to do so.

Subd. 2. **Interpretation.** The rights under this section are established for the benefit of siblings in foster care. This statement of rights does not replace or diminish other rights, liberties, and responsibilities that may exist relative to children in foster care, adult siblings of children in foster care, foster care providers, parents, relatives, or responsible social services agencies.

Subd. 3. **Disclosure.** Child welfare agency staff shall provide a copy of these rights to a child who has a sibling at the time the child enters foster care, to any adult siblings of a child entering foster care, if known, and to the foster care provider, in a format specified by the commissioner of human services. The copy shall contain the address and telephone number of the Office of Ombudsman for Families and a brief statement describing how to file a complaint with the office.

EFFECTIVE DATE. This section is effective for children entering foster care on or after August 1, 2018. Subdivision 3 is effective August 1, 2018, and applies to all children in foster care on that date, regardless of when the child entered foster care.

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Sec. 22. Minnesota Statutes 2016, section 518A.32, subdivision 3, is amended to read:

Subd. 3. **Parent not considered voluntarily unemployed, underemployed, or employed on a less than full-time basis.** A parent is not considered voluntarily unemployed, underemployed, or employed on a less than full-time basis upon a showing by the parent that:

(1) the unemployment, underemployment, or employment on a less than full-time basis is temporary and will ultimately lead to an increase in income;

(2) the unemployment, underemployment, or employment on a less than full-time basis represents a bona fide career change that outweighs the adverse effect of that parent's diminished income on the child; ~~or~~

(3) the unemployment, underemployment, or employment on a less than full-time basis is because a parent is physically or mentally incapacitated or due to incarceration~~, except where the reason for incarceration is the parent's nonpayment of support.~~; or

(4) the parent has been determined by an authorized government agency to be eligible to receive general assistance or Supplemental Security Income payments. Any income, not including public assistance payments, earned by the parent who is eligible for general assistance or Supplemental Security Income payments may be considered for the purpose of calculating child support.

Sec. 23. Minnesota Statutes 2016, section 518A.685, is amended to read:

518A.685 CONSUMER REPORTING AGENCY; REPORTING ARREARS.

(a) If a public authority determines that an obligor has not paid the current monthly support obligation plus any required arrearage payment for three months, the public authority must report this information to a consumer reporting agency.

(b) Before reporting that an obligor is in arrears for court-ordered child support, the public authority must:

(1) provide written notice to the obligor that the public authority intends to report the arrears to a consumer reporting agency; and

(2) mail the written notice to the obligor's last known mailing address at least 30 days before the public authority reports the arrears to a consumer reporting agency.

(c) The obligor may, within 21 days of receipt of the notice, do the following to prevent the public authority from reporting the arrears to a consumer reporting agency:

(1) pay the arrears in full; or

(2) request an administrative review. An administrative review is limited to issues of mistaken identity, a pending legal action involving the arrears, or an incorrect arrears balance.

~~(d) If the public authority has reported that an obligor is in arrears for court-ordered child support and subsequently determines that the obligor has paid the court-ordered child support arrears in full, or is paying the current monthly support obligation plus any required arrearage payment, the public authority must report to the consumer reporting agency that the obligor is currently paying child support as ordered by the court.~~

~~(e)~~ (d) A public authority that reports arrearage information under this section must make monthly reports to a consumer reporting agency. The monthly report must be consistent with credit reporting industry standards for child support.

~~(f)~~ (e) For purposes of this section, "consumer reporting agency" has the meaning given in section 13C.001, subdivision 4, and United States Code, title 15, section 1681a(f).

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Sec. 24. **2018 REPORT TO LEGISLATURE ON HOMELESS YOUTH.**

Subdivision 1. **Report development.** In lieu of the biennial homeless youth report under Minnesota Statutes, section 256K.45, subdivision 2, the commissioner of human services shall update the information in the 2007 legislative report on runaway and homeless youth. In developing the updated report, the commissioner may use existing data, studies, and analysis provided by state, county, and other entities including, but not limited to:

(1) Minnesota Housing Finance Agency analysis on housing availability;

(2) Minnesota state plan to end homelessness;

(3) continuum of care counts of youth experiencing homelessness and assessments as provided by Department of Housing and Urban Development (HUD)-required coordinated entry systems;

(4) data collected through the Department of Human Services Homeless Youth Act grant program;

(5) Wilder Research homeless study;

(6) Voices of Youth Count sponsored by Hennepin County; and

(7) privately funded analysis, including:

(i) nine evidence-based principles to support youth in overcoming homelessness;

(ii) return on investment analysis conducted for YouthLink by Foldes Consulting; and

(iii) evaluation of Homeless Youth Act resources conducted by Rainbow Research.

Subd. 2. **Key elements; due date.** (a) The report may include three key elements where significant learning has occurred in the state since the 2007 report, including:

(1) unique causes of youth homelessness;

(2) targeted responses to youth homelessness, including significance of positive youth development as fundamental to each targeted response; and

(3) recommendations based on existing reports and analysis on what it will take to end youth homelessness.

(b) To the extent data is available, the report must include:

(1) general accounting of the federal and philanthropic funds leveraged to support homeless youth activities;

(2) general accounting of the increase in volunteer responses to support youth experiencing homelessness; and

(3) data-driven accounting of geographic areas or distinct populations that have gaps in service or are not yet served by homeless youth responses.

(c) The commissioner of human services may consult with community-based providers of homeless youth services and other expert stakeholders to complete the report. The commissioner shall submit the report to the chairs and ranking minority members of the legislative committees with jurisdiction over youth homelessness by February 15, 2019.

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Sec. 25. **DEPARTMENT OF INVESTIGATION, COMPLIANCE, AND ELIGIBILITY.**

(a) The commissioners of human services and health shall consider the benefits of consolidating into one state agency the licensing, background study, and related oversight functions currently in the Department of Human Services and Department of Health.

(b) The revisor shall, in consultation with the commissioners of human services and health, provide draft legislation for the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over health and human services by July 1, 2019.

Sec. 26. **COMMISSIONER OF HUMAN SERVICES CHILD CARE LICENSING RULEMAKING AUTHORITY.**

Notwithstanding any provision of law to the contrary, the commissioner of human services may not adopt rules under Minnesota Statutes, chapter 14, that modify Minnesota Rules, chapters 9502 and 9503, or adopt additional rules relating to child care licensing, unless otherwise expressly authorized by law enacted on or after the effective date of this section.

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

Sec. 27. **TASK FORCE ON CHILDHOOD TRAUMA-INFORMED POLICY AND PRACTICES.**

Subdivision 1. **Establishment.** The commissioner of human services must establish and appoint a task force on trauma-informed policy and practices to prevent and reduce children's exposure to adverse childhood experiences (ACEs) consisting of the following members:

(1) the commissioners of human services, public safety, health, and education or the commissioners' designees;

(2) two members representing law enforcement with expertise in juvenile justice;

(3) two members representing county social services agencies;

(4) four members, one representing each of the three ethnic councils established under Minnesota Statutes, section 15.0145, and one representing the Indian Affairs Council established under Minnesota Statutes, section 3.922;

(5) two members representing tribal social services providers;

(6) two members with expertise in prekindergarten through grade 12 education;

(7) three licensed health care professionals with expertise in the neurobiology of childhood development representing public health, mental health, and primary health;

(8) one member representing family service or children's mental health collaboratives;

(9) two parents who had ACEs;

(10) two ombudspersons from the Minnesota Office of Ombudsperson for Families; and

(11) representatives of any other group the commissioner of human services deems appropriate to complete the duties of the task force.

Subd. 2. **Staff.** The commissioner of human services must provide meeting space, support staff, and administrative services for the task force.

Subd. 3. **Duties.** The task force must perform the following duties:

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(1) engage the human services, education, public health, juvenile justice, and criminal justice systems in the creation of trauma-informed policy and practices in each of these systems to prevent and reduce ACEs and to support the health and well-being of all families; and

(2) identify social determinants of the health and well-being of all families and recommend solutions to eliminate racial and ethnic disparities in the state.

Subd. 4. **Report.** The task force must submit a report on the results of its duties outlined in subdivision 3 and any policy recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services, public safety, judiciary, and education by January 15, 2019.

Subd. 5. **Expiration.** The task force expires upon submission of the report required under subdivision 4.

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

Sec. 28. **REVISOR'S INSTRUCTION.**

The revisor of statutes, in consultation with the Department of Human Services, House Research Department, and Senate Counsel, Research and Fiscal Analysis shall change the terms "food support" and "food stamps" to "Supplemental Nutrition Assistance Program" or "SNAP" in Minnesota Statutes and Minnesota Rules when appropriate. The revisor may make technical and other necessary changes to sentence structure to preserve the meaning of the text.

ARTICLE 41

STATE-OPERATED SERVICES; CHEMICAL AND MENTAL HEALTH

Section 1. Minnesota Statutes 2016, section 13.851, is amended by adding a subdivision to read:

Subd. 11. **Mental health screening.** The treatment of data collected by a sheriff or local corrections agency related to individuals who may have a mental illness is governed by section 641.15, subdivision 3a.

Sec. 2. Minnesota Statutes 2016, section 245A.04, subdivision 7, is amended to read:

Subd. 7. **Grant of license; license extension.** (a) If the commissioner determines that the program complies with all applicable rules and laws, the commissioner shall issue a license consistent with this section or, if applicable, a temporary change of ownership license under section 245A.043. At minimum, the license shall state:

(1) the name of the license holder;

(2) the address of the program;

(3) the effective date and expiration date of the license;

(4) the type of license;

(5) the maximum number and ages of persons that may receive services from the program; and

(6) any special conditions of licensure.

(b) The commissioner may issue ~~an initial~~ a license for a period not to exceed two years if:

(1) the commissioner is unable to conduct the evaluation or observation required by subdivision 4, paragraph (a), clauses (3) and (4), because the program is not yet operational;

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(2) certain records and documents are not available because persons are not yet receiving services from the program; and

(3) the applicant complies with applicable laws and rules in all other respects.

(c) A decision by the commissioner to issue a license does not guarantee that any person or persons will be placed or cared for in the licensed program. ~~A license shall not be transferable to another individual, corporation, partnership, voluntary association, other organization, or controlling individual or to another location.~~

~~(d) A license holder must notify the commissioner and obtain the commissioner's approval before making any changes that would alter the license information listed under paragraph (a).~~

~~(e)~~ (d) Except as provided in paragraphs ~~(g)~~ (f) and ~~(h)~~ (g), the commissioner shall not issue or reissue a license if the applicant, license holder, or controlling individual has:

(1) been disqualified and the disqualification was not set aside and no variance has been granted;

(2) been denied a license within the past two years;

(3) had a license issued under this chapter revoked within the past five years;

(4) an outstanding debt related to a license fee, licensing fine, or settlement agreement for which payment is delinquent; or

(5) failed to submit the information required of an applicant under subdivision 1, paragraph (f) or (g), after being requested by the commissioner.

When a license issued under this chapter is revoked under clause (1) or (3), the license holder and controlling individual may not hold any license under chapter 245A or 245D for five years following the revocation, and other licenses held by the applicant, license holder, or controlling individual shall also be revoked.

~~(f)~~ (e) The commissioner shall not issue or reissue a license under this chapter if an individual living in the household where the ~~licensed~~ services will be provided as specified under section 245C.03, subdivision 1, has been disqualified and the disqualification has not been set aside and no variance has been granted.

~~(g)~~ (f) Pursuant to section 245A.07, subdivision 1, paragraph (b), when a license issued under this chapter has been suspended or revoked and the suspension or revocation is under appeal, the program may continue to operate pending a final order from the commissioner. If the license under suspension or revocation will expire before a final order is issued, a temporary provisional license may be issued provided any applicable license fee is paid before the temporary provisional license is issued.

~~(h)~~ (g) Notwithstanding paragraph ~~(g)~~ (f), when a revocation is based on the disqualification of a controlling individual or license holder, and the controlling individual or license holder is ordered under section 245C.17 to be immediately removed from direct contact with persons receiving services or is ordered to be under continuous, direct supervision when providing direct contact services, the program may continue to operate only if the program complies with the order and submits documentation demonstrating compliance with the order. If the disqualified individual fails to submit a timely request for reconsideration, or if the disqualification is not set aside and no variance is granted, the order to immediately remove the individual from direct contact or to be under continuous, direct supervision remains in effect pending the outcome of a hearing and final order from the commissioner.

~~(i)~~ (h) For purposes of reimbursement for meals only, under the Child and Adult Care Food Program, Code of Federal Regulations, title 7, subtitle B, chapter II, subchapter A, part 226, relocation within the same county by a licensed family day care provider, shall be considered an extension of the license for a period of no more than 30 calendar days or until the new license is issued, whichever occurs first, provided

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the county agency has determined the family day care provider meets licensure requirements at the new location.

~~(j)~~ (i) Unless otherwise specified by statute, all licenses issued under this chapter expire at 12:01 a.m. on the day after the expiration date stated on the license. A license holder must apply for and be granted a new license to operate the program or the program must not be operated after the expiration date.

~~(k)~~ (j) The commissioner shall not issue or reissue a license under this chapter if it has been determined that a tribal licensing authority has established jurisdiction to license the program or service.

Sec. 3. Minnesota Statutes 2016, section 245A.04, is amended by adding a subdivision to read:

Subd. 7a. **Notification required.** (a) A license holder must notify the commissioner and obtain the commissioner's approval before making any change that would alter the license information listed under subdivision 7, paragraph (a).

(b) At least 30 days before the effective date of a change, the license holder must notify the commissioner in writing of any change:

(1) to the license holder's controlling individual as defined in section 245A.02, subdivision 5a;

(2) to license holder information on file with the secretary of state;

(3) in the location of the program or service licensed under this chapter; and

(4) in the federal or state tax identification number associated with the license holder.

(c) When a license holder notifies the commissioner of a change to the business structure governing the licensed program or services but is not selling the business, the license holder must provide amended articles of incorporation and other documentation of the change and any other information requested by the commissioner.

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

Sec. 4. **[245A.043] LICENSE APPLICATION AFTER CHANGE OF OWNERSHIP.**

Subdivision 1. **Transfer prohibited.** A license issued under this chapter is only valid for a premises and individual, organization, or government entity identified by the commissioner on the license. A license is not transferable or assignable.

Subd. 2. **Change of ownership.** If the commissioner determines that there will be a change of ownership, the commissioner shall require submission of a new license application. A change of ownership occurs when:

(1) the license holder sells or transfers 100 percent of the property, stock, or assets;

(2) the license holder merges with another organization;

(3) the license holder consolidates with two or more organizations, resulting in the creation of a new organization;

(4) there is a change in the federal tax identification number associated with the license holder; or

(5) there is a turnover of each controlling individual associated with the license within a 12-month period. A change to the license holder's controlling individuals, including a change due to a transfer of stock, is not a change of ownership if at least one controlling individual who was listed on the license for at least 12 consecutive months continues to be a controlling individual after the reported change.

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Subd. 3. **Change of ownership requirements.** (a) A license holder who intends to change the ownership of the program or service under subdivision 2 to a party that intends to assume operation without an interruption in service longer than 60 days after acquiring the program or service must provide the commissioner with written notice of the proposed sale or change, on a form provided by the commissioner, at least 60 days before the anticipated date of the change in ownership. For purposes of this subdivision and subdivision 4, "party" means the party that intends to operate the service or program.

(b) The party must submit a license application under this chapter on a form and in the manner prescribed by the commissioner at least 30 days before the change of ownership is complete and must include documentation to support the upcoming change. The form and manner of the application prescribed by the commissioner shall require only information which is specifically required by statute or rule. The party must comply with background study requirements under chapter 245C and shall pay the application fee required in section 245A.10. A party that intends to assume operation without an interruption in service longer than 60 days after acquiring the program or service is exempt from the requirements of Minnesota Rules, part 9530.6800.

(c) The commissioner may develop streamlined application procedures when the party is an existing license holder under this chapter and is acquiring a program licensed under this chapter or service in the same service class as one or more licensed programs or services the party operates and those licenses are in substantial compliance according to the licensing standards in this chapter and applicable rules. For purposes of this subdivision, "substantial compliance" means within the past 12 months the commissioner did not: (i) issue a sanction under section 245A.07 against a license held by the party or (ii) make a license held by the party conditional according to section 245A.06.

(d) Except when a temporary change of ownership license is issued pursuant to subdivision 4, the existing license holder is solely responsible for operating the program according to applicable rules and statutes until a license under this chapter is issued to the party.

(e) If a licensing inspection of the program or service was conducted within the previous 12 months and the existing license holder's license record demonstrates substantial compliance with the applicable licensing requirements, the commissioner may waive the party's inspection required by section 245A.04, subdivision 4. The party must submit to the commissioner proof that the premises was inspected by a fire marshal or that the fire marshal deemed that an inspection was not warranted and proof that the premises was inspected for compliance with the building code or that no inspection was deemed warranted.

(f) If the party is seeking a license for a program or service that has an outstanding correction order, the party must submit a letter with the license application identifying how and within what length of time the party shall resolve the outstanding correction order and come into full compliance with the licensing requirements.

(g) Any action taken under section 245A.06 or 245A.07 against the existing license holder's license at the time the party is applying for a license, including when the existing license holder is operating under a conditional license or is subject to a revocation, shall remain in effect until the commissioner determines that the grounds for the action are corrected or no longer exist.

(h) The commissioner shall evaluate the application of the party according to section 245A.04, subdivision 6. Pursuant to section 245A.04, subdivision 7, if the commissioner determines that the party complies with applicable laws and rules, the commissioner may issue a license or a temporary change of ownership license.

(i) The commissioner may deny an application as provided in section 245A.05. An applicant whose application was denied by the commissioner may appeal the denial according to section 245A.05.

(j) This subdivision does not apply to a licensed program or service located in a home where the license holder resides.

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Subd. 4. **Temporary change of ownership license.** (a) After receiving the party's application and upon the written request of the existing license holder and the party, the commissioner may issue a temporary change of ownership license to the party while the commissioner evaluates the party's application. Until a decision is made to grant or deny a license under this chapter, the existing license holder and the party shall both be responsible for operating the program or service according to applicable laws and rules, and the sale or transfer of the license holder's ownership interest in the licensed program or service does not terminate the existing license.

(b) The commissioner may establish criteria to issue a temporary change of ownership license, if a license holder's death, divorce, or other event affects the ownership of the program, when an applicant seeks to assume operation of the program or service to ensure continuity of the program or service while a license application is evaluated. This subdivision applies to any program or service licensed under this chapter.

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

Sec. 5. Minnesota Statutes 2016, section 245C.22, subdivision 4, is amended to read:

Subd. 4. **Risk of harm; set aside.** (a) The commissioner may set aside the disqualification if the commissioner finds that the individual has submitted sufficient information to demonstrate that the individual does not pose a risk of harm to any person served by the applicant, license holder, or other entities as provided in this chapter.

(b) In determining whether the individual has met the burden of proof by demonstrating the individual does not pose a risk of harm, the commissioner shall consider:

(1) the nature, severity, and consequences of the event or events that led to the disqualification;

(2) whether there is more than one disqualifying event;

(3) the age and vulnerability of the victim at the time of the event;

(4) the harm suffered by the victim;

(5) vulnerability of persons served by the program;

(6) the similarity between the victim and persons served by the program;

(7) the time elapsed without a repeat of the same or similar event;

(8) documentation of successful completion by the individual studied of training or rehabilitation pertinent to the event; and

(9) any other information relevant to reconsideration.

(c) If the individual requested reconsideration on the basis that the information relied upon to disqualify the individual was incorrect or inaccurate and the commissioner determines that the information relied upon to disqualify the individual is correct, the commissioner must also determine if the individual poses a risk of harm to persons receiving services in accordance with paragraph (b).

(d) For an individual in the chemical dependency field, the commissioner must set aside the disqualification if the following criteria are met:

(1) the individual submits sufficient documentation to demonstrate that the individual is a nonviolent controlled substance offender under section 244.0513, subdivision 2, clauses (1), (2), and (6);

(2) the individual is disqualified exclusively for one or more offenses listed under section 152.021, subdivision 2 or 2a; 152.022, subdivision 2; 152.023, subdivision 2; 152.024; or 152.025;

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(3) the individual provided documentation of successful completion of treatment, at least one year prior to the date of the request for reconsideration, at a program licensed under chapter 245G;

(4) the individual provided documentation demonstrating abstinence from controlled substances, as defined in section 152.01, subdivision 4, for the period one year prior to the date of the request for reconsideration; and

(5) the individual is seeking employment in the chemical dependency field.

Sec. 6. Minnesota Statutes 2017 Supplement, section 245C.22, subdivision 5, is amended to read:

Subd. 5. **Scope of set-aside.** (a) If the commissioner sets aside a disqualification under this section, the disqualified individual remains disqualified, but may hold a license and have direct contact with or access to persons receiving services. Except as provided in paragraph (b), the commissioner's set-aside of a disqualification is limited solely to the licensed program, applicant, or agency specified in the set aside notice under section 245C.23. For personal care provider organizations, the commissioner's set-aside may further be limited to a specific individual who is receiving services. For new background studies required under section 245C.04, subdivision 1, paragraph (h), if an individual's disqualification was previously set aside for the license holder's program and the new background study results in no new information that indicates the individual may pose a risk of harm to persons receiving services from the license holder, the previous set-aside shall remain in effect.

(b) If the commissioner has previously set aside an individual's disqualification for one or more programs or agencies, and the individual is the subject of a subsequent background study for a different program or agency, the commissioner shall determine whether the disqualification is set aside for the program or agency that initiated the subsequent background study. A notice of a set-aside under paragraph (c) shall be issued within 15 working days if all of the following criteria are met:

(1) the subsequent background study was initiated in connection with a program licensed or regulated under the same provisions of law and rule for at least one program for which the individual's disqualification was previously set aside by the commissioner;

(2) the individual is not disqualified for an offense specified in section 245C.15, subdivision 1 ~~or 2~~;

(3) the individual is not disqualified for an offense specified in section 245C.15, subdivision 2, unless the individual is employed in the chemical dependency field;

(4) the commissioner has received no new information to indicate that the individual may pose a risk of harm to any person served by the program; and

~~(4)~~ (5) the previous set-aside was not limited to a specific person receiving services.

(c) When a disqualification is set aside under paragraph (b), the notice of background study results issued under section 245C.17, in addition to the requirements under section 245C.17, shall state that the disqualification is set aside for the program or agency that initiated the subsequent background study. The notice must inform the individual that the individual may request reconsideration of the disqualification under section 245C.21 on the basis that the information used to disqualify the individual is incorrect.

Sec. 7. Minnesota Statutes 2016, section 254B.02, subdivision 1, is amended to read:

Subdivision 1. **Chemical dependency treatment allocation.** The chemical dependency treatment appropriation shall be placed in a special revenue account. ~~The commissioner shall annually transfer funds from the chemical dependency fund to pay for operation of the drug and alcohol abuse normative evaluation system and to pay for all costs incurred by adding two positions for licensing of chemical dependency treatment and rehabilitation programs located in hospitals for which funds are not otherwise appropriated.~~

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The ~~remainder of the~~ money in the special revenue account must be used according to the requirements in this chapter.

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

Sec. 8. Minnesota Statutes 2017 Supplement, section 254B.03, subdivision 2, is amended to read:

Subd. 2. **Chemical dependency fund payment.** (a) Payment from the chemical dependency fund is limited to payments for services other than detoxification licensed under Minnesota Rules, parts 9530.6510 to 9530.6590, that, if located outside of federally recognized tribal lands, would be required to be licensed by the commissioner as a chemical dependency treatment or rehabilitation program under sections 245A.01 to 245A.16, and services other than detoxification provided in another state that would be required to be licensed as a chemical dependency program if the program were in the state. Out of state vendors must also provide the commissioner with assurances that the program complies substantially with state licensing requirements and possesses all licenses and certifications required by the host state to provide chemical dependency treatment. Vendors receiving payments from the chemical dependency fund must not require co-payment from a recipient of benefits for services provided under this subdivision. The vendor is prohibited from using the client's public benefits to offset the cost of services paid under this section. The vendor shall not require the client to use public benefits for room or board costs. This includes but is not limited to cash assistance benefits under chapters 119B, 256D, and 256J, or SNAP benefits. Retention of SNAP benefits is a right of a client receiving services through the consolidated chemical dependency treatment fund or through state contracted managed care entities. Payment from the chemical dependency fund shall be made for necessary room and board costs provided by vendors certified according to section 254B.05, or in a community hospital licensed by the commissioner of health according to sections 144.50 to 144.56 to a client who is:

(1) determined to meet the criteria for placement in a residential chemical dependency treatment program according to rules adopted under section 254A.03, subdivision 3; and

(2) concurrently receiving a chemical dependency treatment service in a program licensed by the commissioner and reimbursed by the chemical dependency fund.

(b) A county may, from its own resources, provide chemical dependency services for which state payments are not made. A county may elect to use the same invoice procedures and obtain the same state payment services as are used for chemical dependency services for which state payments are made under this section if county payments are made to the state in advance of state payments to vendors. When a county uses the state system for payment, the commissioner shall make monthly billings to the county using the most recent available information to determine the anticipated services for which payments will be made in the coming month. Adjustment of any overestimate or underestimate based on actual expenditures shall be made by the state agency by adjusting the estimate for any succeeding month.

(c) The commissioner shall coordinate chemical dependency services and determine whether there is a need for any proposed expansion of chemical dependency treatment services. ~~The commissioner shall deny vendor certification to any provider that has not received prior approval from the commissioner for the creation of new programs or the expansion of existing program capacity. The commissioner shall consider the provider's capacity to obtain clients from outside the state based on plans, agreements, and previous utilization history, when determining the need for new treatment services~~ The commissioner may deny vendor certification to a provider if the commissioner determines that the services currently available in the local area are sufficient to meet local need and that the addition of new services would be detrimental to individuals seeking these services.

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Sec. 9. Minnesota Statutes 2016, section 254B.06, subdivision 1, is amended to read:

Subdivision 1. **State collections.** The commissioner is responsible for all collections from persons determined to be partially responsible for the cost of care of an eligible person receiving services under Laws 1986, chapter 394, sections 8 to 20. The commissioner may initiate, or request the attorney general to initiate, necessary civil action to recover the unpaid cost of care. The commissioner may collect all third-party payments for chemical dependency services provided under Laws 1986, chapter 394, sections 8 to 20, including private insurance and federal Medicaid and Medicare financial participation. ~~The commissioner shall deposit in a dedicated account a percentage of collections to pay for the cost of operating the chemical dependency consolidated treatment fund invoice processing and vendor payment system, billing, and collections.~~ The ~~remaining~~ receipts must be deposited in the chemical dependency fund.

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

Sec. 10. Minnesota Statutes 2017 Supplement, section 256.045, subdivision 3, is amended to read:

Subd. 3. **State agency hearings.** (a) State agency hearings are available for the following:

(1) any person applying for, receiving or having received public assistance, medical care, or a program of social services granted by the state agency or a county agency or the federal Food Stamp Act whose application for assistance is denied, not acted upon with reasonable promptness, or whose assistance is suspended, reduced, terminated, or claimed to have been incorrectly paid;

(2) any patient or relative aggrieved by an order of the commissioner under section 252.27;

(3) a party aggrieved by a ruling of a prepaid health plan;

(4) except as provided under chapter 245C, any individual or facility determined by a lead investigative agency to have maltreated a vulnerable adult under section 626.557 after they have exercised their right to administrative reconsideration under section 626.557;

(5) any person whose claim for foster care payment according to a placement of the child resulting from a child protection assessment under section 626.556 is denied or not acted upon with reasonable promptness, regardless of funding source;

(6) any person to whom a right of appeal according to this section is given by other provision of law;

(7) an applicant aggrieved by an adverse decision to an application for a hardship waiver under section 256B.15;

(8) an applicant aggrieved by an adverse decision to an application or redetermination for a Medicare Part D prescription drug subsidy under section 256B.04, subdivision 4a;

(9) except as provided under chapter 245A, an individual or facility determined to have maltreated a minor under section 626.556, after the individual or facility has exercised the right to administrative reconsideration under section 626.556;

(10) except as provided under chapter 245C, an individual disqualified under sections 245C.14 and 245C.15, following a reconsideration decision issued under section 245C.23, on the basis of serious or recurring maltreatment; a preponderance of the evidence that the individual has committed an act or acts that meet the definition of any of the crimes listed in section 245C.15, subdivisions 1 to 4; or for failing to make reports required under section 626.556, subdivision 3, or 626.557, subdivision 3. Hearings regarding a maltreatment determination under clause (4) or (9) and a disqualification under this clause in which the basis for a disqualification is serious or recurring maltreatment, shall be consolidated into a single fair hearing. In such cases, the scope of review by the human services judge shall include both the maltreatment determination and the disqualification. The failure to exercise the right to an administrative reconsideration

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shall not be a bar to a hearing under this section if federal law provides an individual the right to a hearing to dispute a finding of maltreatment;

(11) any person with an outstanding debt resulting from receipt of public assistance, medical care, or the federal Food Stamp Act who is contesting a setoff claim by the Department of Human Services or a county agency. The scope of the appeal is the validity of the claimant agency's intention to request a setoff of a refund under chapter 270A against the debt;

(12) a person issued a notice of service termination under section 245D.10, subdivision 3a, from residential supports and services as defined in section 245D.03, subdivision 1, paragraph (c), clause (3), that is not otherwise subject to appeal under subdivision 4a;

(13) an individual disability waiver recipient based on a denial of a request for a rate exception under section 256B.4914; ~~or~~

(14) a person issued a notice of service termination under section 245A.11, subdivision 11, that is not otherwise subject to appeal under subdivision 4a~~.~~; or

(15) a county disputes cost of care under section 246.54 based on administrative or other delay of a client's discharge from a state-operated facility after notification to a county that the client no longer meets medical criteria for the state-operated facility, when the county has developed a viable discharge plan.

(b) The hearing for an individual or facility under paragraph (a), clause (4), (9), or (10), is the only administrative appeal to the final agency determination specifically, including a challenge to the accuracy and completeness of data under section 13.04. Hearings requested under paragraph (a), clause (4), apply only to incidents of maltreatment that occur on or after October 1, 1995. Hearings requested by nursing assistants in nursing homes alleged to have maltreated a resident prior to October 1, 1995, shall be held as a contested case proceeding under the provisions of chapter 14. Hearings requested under paragraph (a), clause (9), apply only to incidents of maltreatment that occur on or after July 1, 1997. A hearing for an individual or facility under paragraph (a), clauses (4), (9), and (10), is only available when there is no district court action pending. If such action is filed in district court while an administrative review is pending that arises out of some or all of the events or circumstances on which the appeal is based, the administrative review must be suspended until the judicial actions are completed. If the district court proceedings are completed, dismissed, or overturned, the matter may be considered in an administrative hearing.

(c) For purposes of this section, bargaining unit grievance procedures are not an administrative appeal.

(d) The scope of hearings involving claims to foster care payments under paragraph (a), clause (5), shall be limited to the issue of whether the county is legally responsible for a child's placement under court order or voluntary placement agreement and, if so, the correct amount of foster care payment to be made on the child's behalf and shall not include review of the propriety of the county's child protection determination or child placement decision.

(e) The scope of hearings under paragraph (a), clauses (12) and (14), shall be limited to whether the proposed termination of services is authorized under section 245D.10, subdivision 3a, paragraph (b), or 245A.11, subdivision 11, and whether the requirements of section 245D.10, subdivision 3a, paragraphs (c) to (e), or 245A.11, subdivision 2a, paragraphs (d) to (f), were met. If the appeal includes a request for a temporary stay of termination of services, the scope of the hearing shall also include whether the case management provider has finalized arrangements for a residential facility, a program, or services that will meet the assessed needs of the recipient by the effective date of the service termination.

(f) A vendor of medical care as defined in section 256B.02, subdivision 7, or a vendor under contract with a county agency to provide social services is not a party and may not request a hearing under this section, except if assisting a recipient as provided in subdivision 4.

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(g) An applicant or recipient is not entitled to receive social services beyond the services prescribed under chapter 256M or other social services the person is eligible for under state law.

(h) The commissioner may summarily affirm the county or state agency's proposed action without a hearing when the sole issue is an automatic change due to a change in state or federal law.

(i) Unless federal or Minnesota law specifies a different time frame in which to file an appeal, an individual or organization specified in this section may contest the specified action, decision, or final disposition before the state agency by submitting a written request for a hearing to the state agency within 30 days after receiving written notice of the action, decision, or final disposition, or within 90 days of such written notice if the applicant, recipient, patient, or relative shows good cause, as defined in section 256.0451, subdivision 13, why the request was not submitted within the 30-day time limit. The individual filing the appeal has the burden of proving good cause by a preponderance of the evidence.

Sec. 11. Minnesota Statutes 2017 Supplement, section 256B.0625, subdivision 56a, is amended to read:

Subd. 56a. ~~**Post-arrest**~~ **Officer-involved community-based ~~service~~ care coordination.** (a) Medical assistance covers ~~post-arrest~~ officer-involved community-based ~~service~~ care coordination for an individual who:

(1) has ~~been identified as having~~ screened positive for benefiting from treatment for a mental illness or substance use disorder using a ~~screening~~ tool approved by the commissioner;

(2) does not require the security of a public detention facility and is not considered an inmate of a public institution as defined in Code of Federal Regulations, title 42, section 435.1010;

(3) meets the eligibility requirements in section 256B.056; and

(4) has agreed to participate in ~~post-arrest~~ officer-involved community-based ~~service~~ care coordination ~~through a diversion contract in lieu of incarceration~~.

(b) ~~Post-arrest~~ Officer-involved community-based ~~service~~ care coordination means navigating services to address a client's mental health, chemical health, social, economic, and housing needs, or any other activity targeted at reducing the incidence of jail utilization and connecting individuals with existing covered services available to them, including, but not limited to, targeted case management, waiver case management, or care coordination.

(c) ~~Post-arrest~~ Officer-involved community-based ~~service~~ care coordination must be provided by an individual who is an employee of ~~a county~~ or is under contract with a county, or is an employee of or under contract with an Indian health service facility or facility owned and operated by a tribe or a tribal organization operating under Public Law 93-638 as a 638 facility to provide ~~post-arrest~~ officer-involved community-based care coordination and is qualified under one of the following criteria:

(1) a licensed mental health professional as defined in section 245.462, subdivision 18, clauses (1) to (6);

(2) a mental health practitioner as defined in section 245.462, subdivision 17, working under the clinical supervision of a mental health professional; ~~or~~

(3) a certified peer specialist under section 256B.0615, working under the clinical supervision of a mental health professional;

(4) an individual qualified as an alcohol and drug counselor under section 254G.11, subdivision 5; or

(5) a recovery peer qualified under section 245G.11, subdivision 8, working under the supervision of an individual qualified as an alcohol and drug counselor under section 245G.11, subdivision 5.

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(d) Reimbursement is allowed for up to 60 days following the initial determination of eligibility.

(e) Providers of ~~post-arrest~~ officer-involved community-based ~~service~~ care coordination shall annually report to the commissioner on the number of individuals served, and number of the community-based services that were accessed by recipients. The commissioner shall ensure that services and payments provided under ~~post-arrest~~ officer-involved community-based ~~service~~ care coordination do not duplicate services or payments provided under section 256B.0625, subdivision 20, 256B.0753, 256B.0755, or 256B.0757.

~~(f) Notwithstanding section 256B.19, subdivision 1, the nonfederal share of cost for post-arrest community-based service coordination services shall be provided by the county providing the services, from sources other than federal funds or funds used to match other federal funds.~~

Sec. 12. Minnesota Statutes 2017 Supplement, section 256B.0941, subdivision 3, is amended to read:

Subd. 3. **Per diem rate.** (a) The commissioner shall establish a statewide per diem rate for psychiatric residential treatment facility services for individuals 21 years of age or younger. The rate for a provider must not exceed the rate charged by that provider for the same service to other payers. Payment must not be made to more than one entity for each individual for services provided under this section on a given day. The commissioner shall set rates prospectively for the annual rate period. The commissioner shall require providers to submit annual cost reports on a uniform cost reporting form and shall use submitted cost reports to inform the rate-setting process. The cost reporting shall be done according to federal requirements for Medicare cost reports.

(b) The following are included in the rate:

(1) costs necessary for licensure and accreditation, meeting all staffing standards for participation, meeting all service standards for participation, meeting all requirements for active treatment, maintaining medical records, conducting utilization review, meeting inspection of care, and discharge planning. The direct services costs must be determined using the actual cost of salaries, benefits, payroll taxes, and training of direct services staff and service-related transportation; and

(2) payment for room and board provided by facilities meeting all accreditation and licensing requirements for participation.

(c) A facility may submit a claim for payment outside of the per diem for professional services arranged by and provided at the facility by an appropriately licensed professional who is enrolled as a provider with Minnesota health care programs. Arranged services ~~must be billed by the facility on a separate claim, and the facility shall be responsible for payment to the provider~~ may be billed by either the facility or the licensed professional. These services must be included in the individual plan of care and are subject to prior authorization by the state's medical review agent.

(d) Medicaid shall reimburse for concurrent services as approved by the commissioner to support continuity of care and successful discharge from the facility. "Concurrent services" means services provided by another entity or provider while the individual is admitted to a psychiatric residential treatment facility. Payment for concurrent services may be limited and these services are subject to prior authorization by the state's medical review agent. Concurrent services may include targeted case management, assertive community treatment, clinical care consultation, team consultation, and treatment planning.

(e) Payment rates under this subdivision shall not include the costs of providing the following services:

(1) educational services;

(2) acute medical care or specialty services for other medical conditions;

(3) dental services; and

(4) pharmacy drug costs.

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(f) For purposes of this section, "actual cost" means costs that are allowable, allocable, reasonable, and consistent with federal reimbursement requirements in Code of Federal Regulations, title 48, chapter 1, part 31, relating to for-profit entities, and the Office of Management and Budget Circular Number A-122, relating to nonprofit entities.

Sec. 13. Minnesota Statutes 2016, section 641.15, subdivision 3a, is amended to read:

Subd. 3a. **Intake procedure; approved mental health screening.** As part of its intake procedure for new ~~prisoners~~ inmates, the sheriff or local corrections shall use a mental health screening tool approved by the commissioner of corrections in consultation with the commissioner of human services and local corrections staff to identify persons who may have mental illness. Names of persons who have screened positive or may have a mental illness may be shared with the local county social services agency. The jail may refer an offender to county personnel of the welfare system, as defined in section 13.46, subdivision 1, paragraph (c), in order to arrange for services upon discharge and may share private data as necessary to carry out the following:

(1) providing assistance in filling out an application for medical assistance or MinnesotaCare;

(2) making a referral for case management as outlined under section 245.467, subdivision 4;

(3) providing assistance in obtaining a state photo identification;

(4) securing a timely appointment with a psychiatrist or other appropriate community mental health provider;

(5) providing prescriptions for a 30-day supply of all necessary medications; or

(6) behavioral health service coordination.

Sec. 14. Laws 2017, First Special Session chapter 6, article 8, section 71, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective for services provided on July 1, 2017, through ~~April 30, 2019, and expires May 1, 2019~~ June 30, 2019, and expires July 1, 2019.

Sec. 15. Laws 2017, First Special Session chapter 6, article 8, section 72, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective for services provided on July 1, 2017, through ~~April 30, 2019, and expires May 1, 2019~~ June 30, 2019, and expires July 1, 2019.

Sec. 16. Laws 2017, First Special Session chapter 6, article 8, section 74, is amended to read:

Sec. 74. **CHILDREN'S MENTAL HEALTH REPORT AND RECOMMENDATIONS.**

The commissioner of human services shall conduct a comprehensive analysis of Minnesota's continuum of intensive mental health services and shall develop recommendations for a sustainable and community-driven continuum of care for children with serious mental health needs, including children currently being served in residential treatment. The commissioner's analysis shall include, but not be limited to:

(1) data related to access, utilization, efficacy, and outcomes for Minnesota's current system of residential mental health treatment for a child with a severe emotional disturbance;

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(2) potential expansion of the state's psychiatric residential treatment facility (PRTF) capacity, including increasing the number of PRTF beds and conversion of existing children's mental health residential treatment programs into PRTFs;

(3) the capacity need for PRTF and other group settings within the state if adequate community-based alternatives are accessible, equitable, and effective statewide;

(4) recommendations for expanding alternative community-based service models to meet the needs of a child with a serious mental health disorder who would otherwise require residential treatment and potential service models that could be utilized, including data related to access, utilization, efficacy, and outcomes;

(5) models of care used in other states; and

(6) analysis and specific recommendations for the design and implementation of new service models, including analysis to inform rate setting as necessary.

The analysis shall be supported and informed by extensive stakeholder engagement. Stakeholders include individuals who receive services, family members of individuals who receive services, providers, counties, health plans, advocates, and others. Stakeholder engagement shall include interviews with key stakeholders, intentional outreach to individuals who receive services and the individual's family members, and regional listening sessions.

The commissioner shall provide a report with specific recommendations and timelines for implementation to the legislative committees with jurisdiction over children's mental health policy and finance by ~~November 15, 2018~~ January 15, 2019.

Sec. 17. **STUDENT HEALTH INITIATIVE TO LIMIT OPIOID HARM.**

Subdivision 1. **Grant awards.** The commissioner of human services, in consultation with the commissioner of education, the Board of Trustees of the Minnesota State Colleges and Universities, the Board of Directors of the Minnesota Private College Council, and the regents of the University of Minnesota, shall develop and administer a program to award grants to secondary school students in grades 7 through 12 and undergraduate students attending a Minnesota postsecondary educational institution, and their community partner or partners, to conduct opioid awareness and opioid abuse prevention activities. If a grant proposal includes more than one community partner, the proposal must designate a primary community partner. Grant applications must be submitted by the primary community partner and any grant award must be managed by the primary community partner on behalf of secondary school and undergraduate student applicants and grantees. Grants are onetime and available to the grantee through June 30, 2021.

Subd. 2. **Grant criteria.** (a) Grant dollars may be used for opioid awareness campaigns and events, education related to opioid addiction and abuse prevention, initiatives to limit inappropriate opioid prescriptions, peer education programs targeted to students at high risk of opioid addiction and abuse, and other related initiatives as approved by the commissioner. Grant projects must include one or more of the following components as they relate to opioid abuse and prevention and the role of the community partner: high-risk populations, law enforcement, education, clinical services, or social services.

(b) The commissioner of human services shall seek to provide grant funding for at least one proposal that addresses opioid abuse in the American Indian community.

Subd. 3. **Community partners.** For purposes of the grant program, community partners may include but are not limited to public health agencies; local law enforcement; community health centers; medical clinics; emergency medical service professionals; schools and postsecondary educational institutions; opioid addiction, advocacy, and recovery organizations; tribal governments; local chambers of commerce; and city councils and county boards.

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Subd. 4. **Report.** The commissioner of human services shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance, K-12 education policy and finance, and higher education policy and finance by September 1, 2019, on the implementation of the grant program and the grants awarded under this section.

Subd. 5. **Federal grants.** (a) The commissioner of human services shall apply for any federal grant funding that aligns with the purposes of this section. The commissioner shall submit to the legislature any changes to the program established under this section that are necessary to comply with the terms of the federal grant.

(b) The commissioner shall notify the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance, K-12 education policy and finance, and higher education policy and finance of any grant applications submitted and any federal actions taken related to the grant applications.

Sec. 18. **REPEALER.**

Minnesota Rules, parts 9530.6800; and 9530.6810, are repealed.

ARTICLE 42

COMMUNITY SUPPORTS AND CONTINUING CARE

Section 1. Minnesota Statutes 2017 Supplement, section 245A.03, subdivision 7, is amended to read:

Subd. 7. **Licensing moratorium.** (a) The commissioner shall not issue an initial license for child foster care licensed under Minnesota Rules, parts 2960.3000 to 2960.3340, or adult foster care licensed under Minnesota Rules, parts 9555.5105 to 9555.6265, under this chapter for a physical location that will not be the primary residence of the license holder for the entire period of licensure. If a license is issued during this moratorium, and the license holder changes the license holder's primary residence away from the physical location of the foster care license, the commissioner shall revoke the license according to section 245A.07. The commissioner shall not issue an initial license for a community residential setting licensed under chapter 245D. When approving an exception under this paragraph, the commissioner shall consider the resource need determination process in paragraph (h), the availability of foster care licensed beds in the geographic area in which the licensee seeks to operate, the results of a person's choices during their annual assessment and service plan review, and the recommendation of the local county board. The determination by the commissioner is final and not subject to appeal. Exceptions to the moratorium include:

(1) foster care settings that are required to be registered under chapter 144D;

(2) foster care licenses replacing foster care licenses in existence on May 15, 2009, or community residential setting licenses replacing adult foster care licenses in existence on December 31, 2013, and determined to be needed by the commissioner under paragraph (b);

(3) new foster care licenses or community residential setting licenses determined to be needed by the commissioner under paragraph (b) for the closure of a nursing facility, ICF/DD, or regional treatment center; restructuring of state-operated services that limits the capacity of state-operated facilities; or allowing movement to the community for people who no longer require the level of care provided in state-operated facilities as provided under section 256B.092, subdivision 13, or 256B.49, subdivision 24;

(4) new foster care licenses or community residential setting licenses determined to be needed by the commissioner under paragraph (b) for persons requiring hospital level care;

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(5) new foster care licenses or community residential setting licenses determined to be needed by the commissioner for the transition of people from personal care assistance to the home and community-based services;

(6) new foster care licenses or community residential setting licenses determined to be needed by the commissioner for the transition of people from the residential care waiver services to foster care services. This exception applies only when:

(i) the person's case manager provided the person with information about the choice of service, service provider, and location of service to help the person make an informed choice; and

(ii) the person's foster care services are less than or equal to the cost of the person's services delivered in the residential care waiver service setting as determined by the lead agency; ~~or~~

(7) new foster care licenses or community residential setting licenses for people receiving services under chapter 245D and residing in an unlicensed setting before May 1, 2017, and for which a license is required. This exception does not apply to people living in their own home. For purposes of this clause, there is a presumption that a foster care or community residential setting license is required for services provided to three or more people in a dwelling unit when the setting is controlled by the provider. A license holder subject to this exception may rebut the presumption that a license is required by seeking a reconsideration of the commissioner's determination. The commissioner's disposition of a request for reconsideration is final and not subject to appeal under chapter 14. The exception is available until June 30, ~~2018~~ 2019. This exception is available when:

(i) the person's case manager provided the person with information about the choice of service, service provider, and location of service, including in the person's home, to help the person make an informed choice; and

(ii) the person's services provided in the licensed foster care or community residential setting are less than or equal to the cost of the person's services delivered in the unlicensed setting as determined by the lead agency~~.~~; or

(8) a vacancy in a setting granted an exception under clause (7), created between January 1, 2017, and the date of the exception request, by the departure of a person receiving services under chapter 245D and residing in the unlicensed setting between January 1, 2017, and May 1, 2017. This exception is available when the lead agency provides documentation to the commissioner on the eligibility criteria being met. This exception is available until June 30, 2019.

(b) The commissioner shall determine the need for newly licensed foster care homes or community residential settings as defined under this subdivision. As part of the determination, the commissioner shall consider the availability of foster care capacity in the area in which the licensee seeks to operate, and the recommendation of the local county board. The determination by the commissioner must be final. A determination of need is not required for a change in ownership at the same address.

(c) When an adult resident served by the program moves out of a foster home that is not the primary residence of the license holder according to section 256B.49, subdivision 15, paragraph (f), or the adult community residential setting, the county shall immediately inform the Department of Human Services Licensing Division. The department may decrease the statewide licensed capacity for adult foster care settings.

(d) Residential settings that would otherwise be subject to the decreased license capacity established in paragraph (c) shall be exempt if the license holder's beds are occupied by residents whose primary diagnosis is mental illness and the license holder is certified under the requirements in subdivision 6a or section 245D.33.

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(e) A resource need determination process, managed at the state level, using the available reports required by section 144A.351, and other data and information shall be used to determine where the reduced capacity determined under section 256B.493 will be implemented. The commissioner shall consult with the stakeholders described in section 144A.351, and employ a variety of methods to improve the state's capacity to meet the informed decisions of those people who want to move out of corporate foster care or community residential settings, long-term service needs within budgetary limits, including seeking proposals from service providers or lead agencies to change service type, capacity, or location to improve services, increase the independence of residents, and better meet needs identified by the long-term services and supports reports and statewide data and information.

(f) At the time of application and reapplication for licensure, the applicant and the license holder that are subject to the moratorium or an exclusion established in paragraph (a) are required to inform the commissioner whether the physical location where the foster care will be provided is or will be the primary residence of the license holder for the entire period of licensure. If the primary residence of the applicant or license holder changes, the applicant or license holder must notify the commissioner immediately. The commissioner shall print on the foster care license certificate whether or not the physical location is the primary residence of the license holder.

(g) License holders of foster care homes identified under paragraph (f) that are not the primary residence of the license holder and that also provide services in the foster care home that are covered by a federally approved home and community-based services waiver, as authorized under section 256B.0915, 256B.092, or 256B.49, must inform the human services licensing division that the license holder provides or intends to provide these waiver-funded services.

(h) The commissioner may adjust capacity to address needs identified in section 144A.351. Under this authority, the commissioner may approve new licensed settings or delicense existing settings. Delicensing of settings will be accomplished through a process identified in section 256B.493. Annually, by August 1, the commissioner shall provide information and data on capacity of licensed long-term services and supports, actions taken under the subdivision to manage statewide long-term services and supports resources, and any recommendations for change to the legislative committees with jurisdiction over the health and human services budget.

(i) The commissioner must notify a license holder when its corporate foster care or community residential setting licensed beds are reduced under this section. The notice of reduction of licensed beds must be in writing and delivered to the license holder by certified mail or personal service. The notice must state why the licensed beds are reduced and must inform the license holder of its right to request reconsideration by the commissioner. The license holder's request for reconsideration must be in writing. If mailed, the request for reconsideration must be postmarked and sent to the commissioner within 20 calendar days after the license holder's receipt of the notice of reduction of licensed beds. If a request for reconsideration is made by personal service, it must be received by the commissioner within 20 calendar days after the license holder's receipt of the notice of reduction of licensed beds.

(j) The commissioner shall not issue an initial license for children's residential treatment services licensed under Minnesota Rules, parts 2960.0580 to 2960.0700, under this chapter for a program that Centers for Medicare and Medicaid Services would consider an institution for mental diseases. Facilities that serve only private pay clients are exempt from the moratorium described in this paragraph. The commissioner has the authority to manage existing statewide capacity for children's residential treatment services subject to the moratorium under this paragraph and may issue an initial license for such facilities if the initial license would not increase the statewide capacity for children's residential treatment services subject to the moratorium under this paragraph.

EFFECTIVE DATE. This section is effective June 29, 2018.

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Sec. 2. Minnesota Statutes 2017 Supplement, section 245A.11, subdivision 2a, is amended to read:

Subd. 2a. **Adult foster care and community residential setting license capacity.** (a) The commissioner shall issue adult foster care and community residential setting licenses with a maximum licensed capacity of four beds, including nonstaff roomers and boarders, except that the commissioner may issue a license with a capacity of five beds, including roomers and boarders, according to paragraphs (b) to (g).

(b) The license holder may have a maximum license capacity of five if all persons in care are age 55 or over and do not have a serious and persistent mental illness or a developmental disability.

(c) The commissioner may grant variances to paragraph (b) to allow a facility with a licensed capacity of up to five persons to admit an individual under the age of 55 if the variance complies with section 245A.04, subdivision 9, and approval of the variance is recommended by the county in which the licensed facility is located.

(d) The commissioner may grant variances to paragraph (a) to allow the use of an additional bed, up to five, for emergency crisis services for a person with serious and persistent mental illness or a developmental disability, regardless of age, if the variance complies with section 245A.04, subdivision 9, and approval of the variance is recommended by the county in which the licensed facility is located.

(e) The commissioner may grant a variance to paragraph (b) to allow for the use of an additional bed, up to five, for respite services, as defined in section 245A.02, for persons with disabilities, regardless of age, if the variance complies with sections 245A.03, subdivision 7, and 245A.04, subdivision 9, and approval of the variance is recommended by the county in which the licensed facility is located. Respite care may be provided under the following conditions:

(1) staffing ratios cannot be reduced below the approved level for the individuals being served in the home on a permanent basis;

(2) no more than two different individuals can be accepted for respite services in any calendar month and the total respite days may not exceed 120 days per program in any calendar year;

(3) the person receiving respite services must have his or her own bedroom, which could be used for alternative purposes when not used as a respite bedroom, and cannot be the room of another person who lives in the facility; and

(4) individuals living in the facility must be notified when the variance is approved. The provider must give 60 days' notice in writing to the residents and their legal representatives prior to accepting the first respite placement. Notice must be given to residents at least two days prior to service initiation, or as soon as the license holder is able if they receive notice of the need for respite less than two days prior to initiation, each time a respite client will be served, unless the requirement for this notice is waived by the resident or legal guardian.

(f) The commissioner may issue an adult foster care or community residential setting license with a capacity of five adults if the fifth bed does not increase the overall statewide capacity of licensed adult foster care or community residential setting beds in homes that are not the primary residence of the license holder, as identified in a plan submitted to the commissioner by the county, when the capacity is recommended by the county licensing agency of the county in which the facility is located and if the recommendation verifies that:

(1) the facility meets the physical environment requirements in the adult foster care licensing rule;

(2) the five-bed living arrangement is specified for each resident in the resident's:

(i) individualized plan of care;

(ii) individual service plan under section 256B.092, subdivision 1b, if required; or

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(iii) individual resident placement agreement under Minnesota Rules, part 9555.5105, subpart 19, if required;

(3) the license holder obtains written and signed informed consent from each resident or resident's legal representative documenting the resident's informed choice to remain living in the home and that the resident's refusal to consent would not have resulted in service termination; and

(4) the facility was licensed for adult foster care before ~~March 1, 2011~~ June 30, 2016.

(g) The commissioner shall not issue a new adult foster care license under paragraph (f) after June 30, ~~2019~~ 2021. The commissioner shall allow a facility with an adult foster care license issued under paragraph (f) before June 30, ~~2019~~ 2021, to continue with a capacity of five adults if the license holder continues to comply with the requirements in paragraph (f).

Sec. 3. Minnesota Statutes 2017 Supplement, section 245D.03, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** (a) The commissioner shall regulate the provision of home and community-based services to persons with disabilities and persons age 65 and older pursuant to this chapter. The licensing standards in this chapter govern the provision of basic support services and intensive support services.

(b) Basic support services provide the level of assistance, supervision, and care that is necessary to ensure the health and welfare of the person and do not include services that are specifically directed toward the training, treatment, habilitation, or rehabilitation of the person. Basic support services include:

(1) in-home and out-of-home respite care services as defined in section 245A.02, subdivision 15, and under the brain injury, community alternative care, community access for disability inclusion, developmental ~~disability~~ disabilities, and elderly waiver plans, excluding out-of-home respite care provided to children in a family child foster care home licensed under Minnesota Rules, parts 2960.3000 to 2960.3100, when the child foster care license holder complies with the requirements under section 245D.06, subdivisions 5, 6, 7, and 8, or successor provisions; and section 245D.061 or successor provisions, which must be stipulated in the statement of intended use required under Minnesota Rules, part 2960.3000, subpart 4;

(2) adult companion services as defined under the brain injury, community access for disability inclusion, community alternative care, and elderly waiver plans, excluding adult companion services provided under the Corporation for National and Community Services Senior Companion Program established under the Domestic Volunteer Service Act of 1973, Public Law 98-288;

(3) personal support as defined under the developmental ~~disability~~ disabilities waiver plan;

(4) 24-hour emergency assistance, personal emergency response as defined under the community access for disability inclusion and developmental ~~disability~~ disabilities waiver plans;

(5) night supervision services as defined under the brain injury, community access for disability inclusion, community alternative care, and developmental disabilities waiver ~~plan~~ plans;

(6) homemaker services as defined under the community access for disability inclusion, brain injury, community alternative care, developmental ~~disability~~ disabilities, and elderly waiver plans, excluding providers licensed by the Department of Health under chapter 144A and those providers providing cleaning services only; and

(7) individual community living support under section 256B.0915, subdivision 3j.

(c) Intensive support services provide assistance, supervision, and care that is necessary to ensure the health and welfare of the person and services specifically directed toward the training, habilitation, or rehabilitation of the person. Intensive support services include:

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(1) intervention services, including:

(i) ~~behavioral~~ positive support services as defined under the brain injury ~~and~~, community access for disability inclusion, community alternative care, and developmental disabilities waiver plans;

(ii) in-home or out-of-home crisis respite services as defined under the brain injury, community access for disability inclusion, community alternative care, and developmental ~~disability~~ disabilities waiver ~~plan~~ plans; and

(iii) specialist services as defined under the current brain injury, community access for disability inclusion, community alternative care, and developmental ~~disability~~ disabilities waiver ~~plan~~ plans;

(2) in-home support services, including:

(i) in-home family support and supported living services as defined under the developmental ~~disability~~ disabilities waiver plan;

(ii) independent living services training as defined under the brain injury and community access for disability inclusion waiver plans;

(iii) semi-independent living services; and

(iv) individualized home supports services as defined under the brain injury, community alternative care, and community access for disability inclusion waiver plans;

(3) residential supports and services, including:

(i) supported living services as defined under the developmental ~~disability~~ disabilities waiver plan provided in a family or corporate child foster care residence, a family adult foster care residence, a community residential setting, or a supervised living facility;

(ii) foster care services as defined in the brain injury, community alternative care, and community access for disability inclusion waiver plans provided in a family or corporate child foster care residence, a family adult foster care residence, or a community residential setting; and

(iii) residential services provided to more than four persons with developmental disabilities in a supervised living facility, including ICFs/DD;

(4) day services, including:

(i) structured day services as defined under the brain injury waiver plan;

(ii) day training and habilitation services under sections 252.41 to 252.46, and as defined under the developmental ~~disability~~ disabilities waiver plan; and

(iii) prevocational services as defined under the brain injury and community access for disability inclusion waiver plans; and

(5) employment exploration services as defined under the brain injury, community alternative care, community access for disability inclusion, and developmental ~~disability~~ disabilities waiver plans;

(6) employment development services as defined under the brain injury, community alternative care, community access for disability inclusion, and developmental ~~disability~~ disabilities waiver plans; and

(7) employment support services as defined under the brain injury, community alternative care, community access for disability inclusion, and developmental ~~disability~~ disabilities waiver plans.

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Sec. 4. Minnesota Statutes 2016, section 245D.071, subdivision 5, is amended to read:

Subd. 5. **Service plan review and evaluation.** (a) The license holder must give the person or the person's legal representative and case manager an opportunity to participate in the ongoing review and development of the service plan and the methods used to support the person and accomplish outcomes identified in subdivisions 3 and 4. At least once per year, or within 30 days of a written request by the person, the person's legal representative, or the case manager, the license holder, in coordination with the person's support team or expanded support team, must meet with the person, the person's legal representative, and the case manager, and participate in service plan review meetings following stated timelines established in the person's coordinated service and support plan or coordinated service and support plan addendum ~~or within 30 days of a written request by the person, the person's legal representative, or the case manager, at a minimum of once per year~~. The purpose of the service plan review is to determine whether changes are needed to the service plan based on the assessment information, the license holder's evaluation of progress towards accomplishing outcomes, or other information provided by the support team or expanded support team.

(b) At least once per year, the license holder, in coordination with the person's support team or expanded support team, must meet with the person, the person's legal representative, and the case manager to discuss how technology might be used to meet the person's desired outcomes. The coordinated service and support plan or support plan addendum must include a summary of this discussion. The summary must include a statement regarding any decision made related to the use of technology and a description of any further research that must be completed before a decision regarding the use of technology can be made. Nothing in this paragraph requires the coordinated service and support plan to include the use of technology for the provision of services.

~~(b)~~ (c) The license holder must summarize the person's status and progress toward achieving the identified outcomes and make recommendations and identify the rationale for changing, continuing, or discontinuing implementation of supports and methods identified in subdivision 4 in a report available at the time of the progress review meeting. The report must be sent at least five working days prior to the progress review meeting if requested by the team in the coordinated service and support plan or coordinated service and support plan addendum.

~~(c)~~ (d) The license holder must send the coordinated service and support plan addendum to the person, the person's legal representative, and the case manager by mail within ten working days of the progress review meeting. Within ten working days of the mailing of the coordinated service and support plan addendum, the license holder must obtain dated signatures from the person or the person's legal representative and the case manager to document approval of any changes to the coordinated service and support plan addendum.

~~(d)~~ (e) If, within ten working days of submitting changes to the coordinated service and support plan and coordinated service and support plan addendum, the person or the person's legal representative or case manager has not signed and returned to the license holder the coordinated service and support plan or coordinated service and support plan addendum or has not proposed written modifications to the license holder's submission, the submission is deemed approved and the coordinated service and support plan addendum becomes effective and remains in effect until the legal representative or case manager submits a written request to revise the coordinated service and support plan addendum.

Sec. 5. Minnesota Statutes 2016, section 245D.091, subdivision 2, is amended to read:

Subd. 2. **~~Behavior~~ Positive support professional qualifications.** A ~~behavior~~ positive support professional providing ~~behavioral~~ positive support services as identified in section 245D.03, subdivision 1, paragraph (c), clause (1), item (i), must have competencies in the following areas as required under the brain injury ~~and~~, community access for disability inclusion, community alternative care, and developmental disabilities waiver plans or successor plans:

(1) ethical considerations;

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(2) functional assessment;

(3) functional analysis;

(4) measurement of behavior and interpretation of data;

(5) selecting intervention outcomes and strategies;

(6) behavior reduction and elimination strategies that promote least restrictive approved alternatives;

(7) data collection;

(8) staff and caregiver training;

(9) support plan monitoring;

(10) co-occurring mental disorders or neurocognitive disorder;

(11) demonstrated expertise with populations being served; and

(12) must be a:

(i) psychologist licensed under sections 148.88 to 148.98, who has stated to the Board of Psychology competencies in the above identified areas;

(ii) clinical social worker licensed as an independent clinical social worker under chapter 148D, or a person with a master's degree in social work from an accredited college or university, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the areas identified in clauses (1) to (11);

(iii) physician licensed under chapter 147 and certified by the American Board of Psychiatry and Neurology or eligible for board certification in psychiatry with competencies in the areas identified in clauses (1) to (11);

(iv) licensed professional clinical counselor licensed under sections 148B.29 to 148B.39 with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services who has demonstrated competencies in the areas identified in clauses (1) to (11);

(v) person with a master's degree from an accredited college or university in one of the behavioral sciences or related fields, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services with demonstrated competencies in the areas identified in clauses (1) to (11); ~~or~~

(vi) person with a master's degree or PhD in one of the behavioral sciences or related fields with demonstrated expertise in positive support services; or

(vii) registered nurse who is licensed under sections 148.171 to 148.285, and who is certified as a clinical specialist or as a nurse practitioner in adult or family psychiatric and mental health nursing by a national nurse certification organization, or who has a master's degree in nursing or one of the behavioral sciences or related fields from an accredited college or university or its equivalent, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services.

Sec. 6. Minnesota Statutes 2016, section 245D.091, subdivision 3, is amended to read:

Subd. 3. **~~Behavior~~ Positive support analyst qualifications.** (a) A ~~behavior~~ positive support analyst providing ~~behavioral~~ positive support services as identified in section 245D.03, subdivision 1, paragraph (c), clause (1), item (i), must have competencies in the following areas as required under the brain injury ~~and~~, community access for disability inclusion, community alternative care, and developmental disabilities waiver plans or successor plans:

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(1) have obtained a baccalaureate degree, master's degree, or PhD in a social services discipline; ~~or~~

(2) meet the qualifications of a mental health practitioner as defined in section 245.462, subdivision 17~~.~~; or

(3) be a board certified behavior analyst or board certified assistant behavior analyst by the Behavior Analyst Certification Board, Incorporated.

(b) In addition, a ~~behavior~~ positive support analyst must:

(1) have four years of supervised experience ~~working with individuals who exhibit challenging behaviors as well as co-occurring mental disorders or neurocognitive disorder~~ conducting functional behavior assessments and designing, implementing, and evaluating effectiveness of positive practices behavior support strategies for people who exhibit challenging behaviors as well as co-occurring mental disorders and neurocognitive disorder;

(2) have received ~~ten hours of instruction in functional assessment and functional analysis;~~ training prior to hire or within 90 calendar days of hire that includes:

(i) ten hours of instruction in functional assessment and functional analysis;

(ii) 20 hours of instruction in the understanding of the function of behavior;

(iii) ten hours of instruction on design of positive practices behavior support strategies;

(iv) 20 hours of instruction preparing written intervention strategies, designing data collection protocols, training other staff to implement positive practice strategies, summarizing and reporting program evaluation data, analyzing program evaluation data to identify design flaws in behavioral interventions or failures in implementation fidelity, and recommending enhancements based on evaluation data; and

(v) eight hours of instruction on principles of person-centered thinking;

~~(3) have received 20 hours of instruction in the understanding of the function of behavior;~~

~~(4) have received ten hours of instruction on design of positive practices behavior support strategies;~~

~~(5) have received 20 hours of instruction on the use of behavior reduction approved strategies used only in combination with behavior positive practices strategies;~~

~~(6)~~ (3) be determined by a ~~behavior~~ positive support professional to have the training and prerequisite skills required to provide positive practice strategies as well as behavior reduction approved and permitted intervention to the person who receives ~~behavioral~~ positive support; and

~~(7)~~ (4) be under the direct supervision of a ~~behavior~~ positive support professional.

(c) Meeting the qualifications for a positive support professional under subdivision 2 shall substitute for meeting the qualifications listed in paragraph (b).

Sec. 7. Minnesota Statutes 2016, section 245D.091, subdivision 4, is amended to read:

Subd. 4. **~~Behavior~~ Positive support specialist qualifications.** (a) A ~~behavior~~ positive support specialist providing ~~behavioral~~ positive support services as identified in section 245D.03, subdivision 1, paragraph (c), clause (1), item (i), must have competencies in the following areas as required under the brain injury ~~and~~, community access for disability inclusion, community alternative care, and developmental disabilities waiver plans or successor plans:

(1) have an associate's degree in a social services discipline; or

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(2) have two years of supervised experience working with individuals who exhibit challenging behaviors as well as co-occurring mental disorders or neurocognitive disorder.

(b) In addition, a behavior specialist must:

(1) have received training prior to hire or within 90 calendar days of hire that includes:

(i) a minimum of four hours of training in functional assessment;

~~(2) have received~~ (ii) 20 hours of instruction in the understanding of the function of behavior;

~~(3) have received~~ (iii) ten hours of instruction on design of positive practices behavioral support strategies; and

(iv) eight hours of instruction on principles of person-centered thinking;

~~(4)~~ (2) be determined by a ~~behavior~~ positive support professional to have the training and prerequisite skills required to provide positive practices strategies as well as behavior reduction approved intervention to the person who receives ~~behavioral~~ positive support; and

~~(5)~~ (3) be under the direct supervision of a ~~behavior~~ positive support professional.

(c) Meeting the qualifications for a positive support professional under subdivision 2 shall substitute for meeting the qualifications listed in paragraphs (a) and (b).

Sec. 8. Minnesota Statutes 2016, section 256B.0659, subdivision 3a, is amended to read:

Subd. 3a. **Assessment; defined.** (a) "Assessment" means a review and evaluation of a recipient's need for personal care assistance services conducted in person. Assessments for personal care assistance services shall be conducted by the county public health nurse or a certified public health nurse under contract with the county except when a long-term care consultation assessment is being conducted for the purposes of determining a person's eligibility for home and community-based waiver services including personal care assistance services according to section 256B.0911. During the transition to MnCHOICES, a certified assessor may complete the assessment defined in this subdivision. An in-person assessment must include: documentation of health status, determination of need, evaluation of service effectiveness, identification of appropriate services, service plan development or modification, coordination of services, referrals and follow-up to appropriate payers and community resources, completion of required reports, recommendation of service authorization, and consumer education. Once the need for personal care assistance services is determined under this section, the county public health nurse or certified public health nurse under contract with the county is responsible for communicating this recommendation to the commissioner and the recipient. An in-person assessment must occur at least annually or when there is a significant change in the recipient's condition or when there is a change in the need for personal care assistance services. A service update may substitute for the annual face-to-face assessment when there is not a significant change in recipient condition or a change in the need for personal care assistance service. A service update may be completed by telephone, used when there is no need for an increase in personal care assistance services, and used for two consecutive assessments if followed by a face-to-face assessment. A service update must be completed on a form approved by the commissioner. A service update or review for temporary increase includes a review of initial baseline data, evaluation of service effectiveness, redetermination of service need, modification of service plan and appropriate referrals, update of initial forms, obtaining service authorization, and on going consumer education. Assessments or reassessments must be completed on forms provided by the commissioner within 30 days of a request for home care services by a recipient or responsible party.

(b) This subdivision expires when notification is given by the commissioner as described in section 256B.0911, subdivision 3a.

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Sec. 9. Minnesota Statutes 2016, section 256B.0659, subdivision 11, is amended to read:

Subd. 11. **Personal care assistant; requirements.** (a) A personal care assistant must meet the following requirements:

(1) be at least 18 years of age with the exception of persons who are 16 or 17 years of age with these additional requirements:

(i) supervision by a qualified professional every 60 days; and

(ii) employment by only one personal care assistance provider agency responsible for compliance with current labor laws;

(2) be employed by a personal care assistance provider agency;

(3) enroll with the department as a personal care assistant after clearing a background study. Except as provided in subdivision 11a, before a personal care assistant provides services, the personal care assistance provider agency must initiate a background study on the personal care assistant under chapter 245C, and the personal care assistance provider agency must have received a notice from the commissioner that the personal care assistant is:

(i) not disqualified under section 245C.14; or

(ii) is disqualified, but the personal care assistant has received a set aside of the disqualification under section 245C.22;

(4) be able to effectively communicate with the recipient and personal care assistance provider agency;

(5) be able to provide covered personal care assistance services according to the recipient's personal care assistance care plan, respond appropriately to recipient needs, and report changes in the recipient's condition to the supervising qualified professional or physician;

(6) not be a consumer of personal care assistance services;

(7) maintain daily written records including, but not limited to, time sheets under subdivision 12;

(8) effective January 1, 2010, complete standardized training as determined by the commissioner before completing enrollment. The training must be available in languages other than English and to those who need accommodations due to disabilities. Personal care assistant training must include successful completion of the following training components: basic first aid, vulnerable adult, child maltreatment, OSHA universal precautions, basic roles and responsibilities of personal care assistants including information about assistance with lifting and transfers for recipients, emergency preparedness, orientation to positive behavioral practices, fraud issues, and completion of time sheets. Upon completion of the training components, the personal care assistant must demonstrate the competency to provide assistance to recipients;

(9) complete training and orientation on the needs of the recipient; and

(10) be limited to providing and being paid for up to 275 hours per month of personal care assistance services regardless of the number of recipients being served or the number of personal care assistance provider agencies enrolled with. The number of hours worked per day shall not be disallowed by the department unless in violation of the law.

(b) A legal guardian may be a personal care assistant if the guardian is not being paid for the guardian services and meets the criteria for personal care assistants in paragraph (a).

(c) Persons who do not qualify as a personal care assistant include parents, stepparents, and legal guardians of minors; spouses; paid legal guardians of adults; family foster care providers, except as otherwise allowed in section 256B.0625, subdivision 19a; and staff of a residential setting.

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(d) Personal care services qualify for the enhanced rate described in subdivision 17a if the personal care assistant providing the services:

(1) provides services, according to the care plan in subdivision 7, to a recipient who qualifies for 12 or more hours per day of PCA services; and

(2) satisfies the current requirements of Medicare for training and competency or competency evaluation of home health aides or nursing assistants, as provided in the Code of Federal Regulations, title 42, section 483.151 or 484.36, or alternative state approved training or competency requirements.

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

Sec. 10. Minnesota Statutes 2016, section 256B.0659, is amended by adding a subdivision to read:

Subd. 17a. **Enhanced rate.** An enhanced rate of 105 percent of the rate paid for PCA services shall be paid for services provided to persons who qualify for 12 or more hours of PCA service per day when provided by a PCA who meets the requirements of subdivision 11, paragraph (d). The enhanced rate for PCA services includes, and is not in addition to, any rate adjustments implemented by the commissioner on July 1, 2018, to comply with the terms of a collective bargaining agreement between the state of Minnesota and an exclusive representative of individual providers under section 179A.54 that provides for wage increases for individual providers who serve participants assessed to need 12 or more hours of PCA services per day.

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

Sec. 11. Minnesota Statutes 2016, section 256B.0659, subdivision 21, is amended to read:

Subd. 21. **Requirements for provider enrollment of personal care assistance provider agencies.** (a) All personal care assistance provider agencies must provide, at the time of enrollment, reenrollment, and revalidation as a personal care assistance provider agency in a format determined by the commissioner, information and documentation that includes, but is not limited to, the following:

(1) the personal care assistance provider agency's current contact information including address, telephone number, and e-mail address;

(2) proof of surety bond coverage. Upon new enrollment, or if the provider's Medicaid revenue in the previous calendar year is up to and including $300,000, the provider agency must purchase a surety bond of $50,000. If the Medicaid revenue in the previous year is over $300,000, the provider agency must purchase a surety bond of $100,000. The surety bond must be in a form approved by the commissioner, must be renewed annually, and must allow for recovery of costs and fees in pursuing a claim on the bond;

(3) proof of fidelity bond coverage in the amount of $20,000;

(4) proof of workers' compensation insurance coverage;

(5) proof of liability insurance;

(6) a description of the personal care assistance provider agency's organization identifying the names of all owners, managing employees, staff, board of directors, and the affiliations of the directors, owners, or staff to other service providers;

(7) a copy of the personal care assistance provider agency's written policies and procedures including: hiring of employees; training requirements; service delivery; and employee and consumer safety including process for notification and resolution of consumer grievances, identification and prevention of communicable diseases, and employee misconduct;

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(8) copies of all other forms the personal care assistance provider agency uses in the course of daily business including, but not limited to:

(i) a copy of the personal care assistance provider agency's time sheet if the time sheet varies from the standard time sheet for personal care assistance services approved by the commissioner, and a letter requesting approval of the personal care assistance provider agency's nonstandard time sheet;

(ii) the personal care assistance provider agency's template for the personal care assistance care plan; and

(iii) the personal care assistance provider agency's template for the written agreement in subdivision 20 for recipients using the personal care assistance choice option, if applicable;

(9) a list of all training and classes that the personal care assistance provider agency requires of its staff providing personal care assistance services;

(10) documentation that the personal care assistance provider agency and staff have successfully completed all the training required by this section, including the requirements under subdivision 11, paragraph (d), if enhanced PCA services are provided and submitted for an enhanced rate under subdivision 17a;

(11) documentation of the agency's marketing practices;

(12) disclosure of ownership, leasing, or management of all residential properties that is used or could be used for providing home care services;

(13) documentation that the agency will use the following percentages of revenue generated from the medical assistance rate paid for personal care assistance services for employee personal care assistant wages and benefits: 72.5 percent of revenue in the personal care assistance choice option and 72.5 percent of revenue from other personal care assistance providers. The revenue generated by the qualified professional and the reasonable costs associated with the qualified professional shall not be used in making this calculation; and

(14) effective May 15, 2010, documentation that the agency does not burden recipients' free exercise of their right to choose service providers by requiring personal care assistants to sign an agreement not to work with any particular personal care assistance recipient or for another personal care assistance provider agency after leaving the agency and that the agency is not taking action on any such agreements or requirements regardless of the date signed.

(b) Personal care assistance provider agencies shall provide the information specified in paragraph (a) to the commissioner at the time the personal care assistance provider agency enrolls as a vendor or upon request from the commissioner. The commissioner shall collect the information specified in paragraph (a) from all personal care assistance providers beginning July 1, 2009.

(c) All personal care assistance provider agencies shall require all employees in management and supervisory positions and owners of the agency who are active in the day-to-day management and operations of the agency to complete mandatory training as determined by the commissioner before enrollment of the agency as a provider. Employees in management and supervisory positions and owners who are active in the day-to-day operations of an agency who have completed the required training as an employee with a personal care assistance provider agency do not need to repeat the required training if they are hired by another agency, if they have completed the training within the past three years. By September 1, 2010, the required training must be available with meaningful access according to title VI of the Civil Rights Act and federal regulations adopted under that law or any guidance from the United States Health and Human Services Department. The required training must be available online or by electronic remote connection. The required training must provide for competency testing. Personal care assistance provider agency billing staff shall complete training about personal care assistance program financial management. This training is effective July 1, 2009. Any personal care assistance provider agency enrolled before that date shall, if it has not

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already, complete the provider training within 18 months of July 1, 2009. Any new owners or employees in management and supervisory positions involved in the day-to-day operations are required to complete mandatory training as a requisite of working for the agency. Personal care assistance provider agencies certified for participation in Medicare as home health agencies are exempt from the training required in this subdivision. When available, Medicare-certified home health agency owners, supervisors, or managers must successfully complete the competency test.

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

Sec. 12. Minnesota Statutes 2016, section 256B.0659, subdivision 24, is amended to read:

Subd. 24. **Personal care assistance provider agency; general duties.** A personal care assistance provider agency shall:

(1) enroll as a Medicaid provider meeting all provider standards, including completion of the required provider training;

(2) comply with general medical assistance coverage requirements;

(3) demonstrate compliance with law and policies of the personal care assistance program to be determined by the commissioner;

(4) comply with background study requirements;

(5) verify and keep records of hours worked by the personal care assistant and qualified professional;

(6) not engage in any agency-initiated direct contact or marketing in person, by phone, or other electronic means to potential recipients, guardians, or family members;

(7) pay the personal care assistant and qualified professional based on actual hours of services provided;

(8) withhold and pay all applicable federal and state taxes;

(9) ~~effective January 1, 2010,~~ document that the agency uses a minimum of 72.5 percent of the revenue generated by the medical assistance rate for personal care assistance services for employee personal care assistant wages and benefits. The revenue generated by the qualified professional and the reasonable costs associated with the qualified professional shall not be used in making this calculation;

(10) make the arrangements and pay unemployment insurance, taxes, workers' compensation, liability insurance, and other benefits, if any;

(11) enter into a written agreement under subdivision 20 before services are provided;

(12) report suspected neglect and abuse to the common entry point according to section 256B.0651;

(13) provide the recipient with a copy of the home care bill of rights at start of service; ~~and~~

(14) request reassessments at least 60 days prior to the end of the current authorization for personal care assistance services, on forms provided by the commissioner; and

(15) document that the agency uses the additional revenue due to the enhanced rate under subdivision 17a for the wages and benefits of the PCAs whose services meet the requirements under subdivision 11, paragraph (d).

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

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Sec. 13. Minnesota Statutes 2016, section 256B.0659, subdivision 28, is amended to read:

Subd. 28. **Personal care assistance provider agency; required documentation.** (a) Required documentation must be completed and kept in the personal care assistance provider agency file or the recipient's home residence. The required documentation consists of:

(1) employee files, including:

(i) applications for employment;

(ii) background study requests and results;

(iii) orientation records about the agency policies;

(iv) trainings completed with demonstration of competence, including verification of the completion of training required under subdivision 11, paragraph (d), for any billing of the enhanced rate under subdivision 17a;

(v) supervisory visits;

(vi) evaluations of employment; and

(vii) signature on fraud statement;

(2) recipient files, including:

(i) demographics;

(ii) emergency contact information and emergency backup plan;

(iii) personal care assistance service plan;

(iv) personal care assistance care plan;

(v) month-to-month service use plan;

(vi) all communication records;

(vii) start of service information, including the written agreement with recipient; and

(viii) date the home care bill of rights was given to the recipient;

(3) agency policy manual, including:

(i) policies for employment and termination;

(ii) grievance policies with resolution of consumer grievances;

(iii) staff and consumer safety;

(iv) staff misconduct; and

(v) staff hiring, service delivery, staff and consumer safety, staff misconduct, and resolution of consumer grievances;

(4) time sheets for each personal care assistant along with completed activity sheets for each recipient served; and

(5) agency marketing and advertising materials and documentation of marketing activities and costs.

(b) The commissioner may assess a fine of up to $500 on provider agencies that do not consistently comply with the requirements of this subdivision.

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

Sec. 14. Minnesota Statutes 2017 Supplement, section 256B.0911, subdivision 1a, is amended to read:

Subd. 1a. **Definitions.** For purposes of this section, the following definitions apply:

(a) Until additional requirements apply under paragraph (b), "long-term care consultation services" means:

(1) intake for and access to assistance in identifying services needed to maintain an individual in the most inclusive environment;

(2) providing recommendations for and referrals to cost-effective community services that are available to the individual;

(3) development of an individual's person-centered community support plan;

(4) providing information regarding eligibility for Minnesota health care programs;

(5) face-to-face long-term care consultation assessments, which may be completed in a hospital, nursing facility, intermediate care facility for persons with developmental disabilities (ICF/DDs), regional treatment centers, or the person's current or planned residence;

(6) determination of home and community-based waiver and other service eligibility as required under sections 256B.0913, 256B.0915, and 256B.49, including level of care determination for individuals who need an institutional level of care as determined under subdivision 4e, based on assessment and community support plan development, appropriate referrals to obtain necessary diagnostic information, and including an eligibility determination for consumer-directed community supports;

(7) providing recommendations for institutional placement when there are no cost-effective community services available;

(8) providing access to assistance to transition people back to community settings after institutional admission; and

(9) providing information about competitive employment, with or without supports, for school-age youth and working-age adults and referrals to the Disability Linkage Line and Disability Benefits 101 to ensure that an informed choice about competitive employment can be made. For the purposes of this subdivision, "competitive employment" means work in the competitive labor market that is performed on a full-time or part-time basis in an integrated setting, and for which an individual is compensated at or above the minimum wage, but not less than the customary wage and level of benefits paid by the employer for the same or similar work performed by individuals without disabilities.

(b) Upon statewide implementation of lead agency requirements in subdivisions 2b, 2c, and 3a, "long-term care consultation services" also means:

(1) service eligibility determination for state plan ~~home care~~ services identified in:

(i) section 256B.0625, subdivisions ~~7,~~ 19a~~,~~ and 19c;

(ii) consumer support grants under section 256.476; or

(iii) section 256B.85;

(2) notwithstanding provisions in Minnesota Rules, parts 9525.0004 to 9525.0024, determination of eligibility for case management services available under sections 256B.0621, subdivision 2, ~~paragraph~~ clause (4), and 256B.0924 ~~and Minnesota Rules, part 9525.0016~~;

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(3) determination of institutional level of care, home and community-based service waiver, and other service eligibility as required under section 256B.092, ~~determination of eligibility for family support grants under section 252.32,~~ semi-independent living services under section 252.275, and day training and habilitation services under section 256B.092; ~~and~~

(4) obtaining necessary diagnostic information to determine eligibility under clauses (2) and (3); and

(5) notwithstanding Minnesota Rules, parts 9525.0004 to 9525.0024, initial eligibility determination for case management services available under Minnesota Rules, part 9525.0016.

(c) "Long-term care options counseling" means the services provided by the linkage lines as mandated by sections 256.01, subdivision 24, and 256.975, subdivision 7, and also includes telephone assistance and follow up once a long-term care consultation assessment has been completed.

(d) "Minnesota health care programs" means the medical assistance program under this chapter and the alternative care program under section 256B.0913.

(e) "Lead agencies" means counties administering or tribes and health plans under contract with the commissioner to administer long-term care consultation assessment and support planning services.

(f) "Person-centered planning" is a process that includes the active participation of a person in the planning of the person's services, including in making meaningful and informed choices about the person's own goals, talents, and objectives, as well as making meaningful and informed choices about the services the person receives. For the purposes of this section, "informed choice" means a voluntary choice of services by a person from all available service options based on accurate and complete information concerning all available service options and concerning the person's own preferences, abilities, goals, and objectives. In order for a person to make an informed choice, all available options must be developed and presented to the person to empower the person to make decisions.

Sec. 15. Minnesota Statutes 2017 Supplement, section 256B.0911, subdivision 3a, is amended to read:

Subd. 3a. **Assessment and support planning.** (a) Persons requesting assessment, services planning, or other assistance intended to support community-based living, including persons who need assessment in order to determine waiver or alternative care program eligibility, must be visited by a long-term care consultation team within 20 calendar days after the date on which an assessment was requested or recommended. Upon statewide implementation of subdivisions 2b, 2c, and 5, this requirement also applies to an assessment of a person requesting personal care assistance services ~~and home care nursing. The commissioner shall provide at least a 90-day notice to lead agencies prior to the effective date of this requirement~~. Face-to-face assessments must be conducted according to paragraphs (b) to (i).

(b) Upon implementation of subdivisions 2b, 2c, and 5, lead agencies shall use certified assessors to conduct the assessment. For a person with complex health care needs, a public health or registered nurse from the team must be consulted.

(c) The MnCHOICES assessment provided by the commissioner to lead agencies must be used to complete a comprehensive, conversation-based, person-centered assessment. The assessment must include the health, psychological, functional, environmental, and social needs of the individual necessary to develop a community support plan that meets the individual's needs and preferences.

(d) The assessment must be conducted in a face-to-face conversational interview with the person being assessed ~~and~~. The person's legal representative must provide input during the assessment process and may do so remotely if requested. At the request of the person, other individuals may participate in the assessment to provide information on the needs, strengths, and preferences of the person necessary to develop a community support plan that ensures the person's health and safety. Except for legal representatives or family members invited by the person, persons participating in the assessment may not be a provider of service or have any financial interest in the provision of services. For persons who are to be assessed for elderly waiver

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customized living or adult day services under section 256B.0915, with the permission of the person being assessed or the person's designated or legal representative, the client's current or proposed provider of services may submit a copy of the provider's nursing assessment or written report outlining its recommendations regarding the client's care needs. The person conducting the assessment must notify the provider of the date by which this information is to be submitted. This information shall be provided to the person conducting the assessment prior to the assessment. For a person who is to be assessed for waiver services under section 256B.092 or 256B.49, with the permission of the person being assessed or the person's designated legal representative, the person's current provider of services may submit a written report outlining recommendations regarding the person's care needs prepared by a direct service employee with at least 20 hours of service to that client. The person conducting the assessment or reassessment must notify the provider of the date by which this information is to be submitted. This information shall be provided to the person conducting the assessment and the person or the person's legal representative, and must be considered prior to the finalization of the assessment or reassessment.

(e) The person or the person's legal representative must be provided with a written community support plan within ~~40 calendar days of the assessment visit~~ the timelines established by the commissioner, regardless of whether the individual is eligible for Minnesota health care programs. The timeline for completing the community support plan and any required coordinated service and support plan must not exceed 56 calendar days from the assessment visit.

(f) For a person being assessed for elderly waiver services under section 256B.0915, a provider who submitted information under paragraph (d) shall receive the final written community support plan when available and the Residential Services Workbook.

(g) The written community support plan must include:

(1) a summary of assessed needs as defined in paragraphs (c) and (d);

(2) the individual's options and choices to meet identified needs, including all available options for case management services and providers, including service provided in a non-disability-specific setting;

(3) identification of health and safety risks and how those risks will be addressed, including personal risk management strategies;

(4) referral information; and

(5) informal caregiver supports, if applicable.

For a person determined eligible for state plan home care under subdivision 1a, paragraph (b), clause (1), the person or person's representative must also receive a copy of the home care service plan developed by the certified assessor.

(h) A person may request assistance in identifying community supports without participating in a complete assessment. Upon a request for assistance identifying community support, the person must be transferred or referred to long-term care options counseling services available under sections 256.975, subdivision 7, and 256.01, subdivision 24, for telephone assistance and follow up.

(i) The person has the right to make the final decision between institutional placement and community placement after the recommendations have been provided, except as provided in section 256.975, subdivision 7a, paragraph (d).

(j) The lead agency must give the person receiving assessment or support planning, or the person's legal representative, materials, and forms supplied by the commissioner containing the following information:

(1) written recommendations for community-based services and consumer-directed options;

(2) documentation that the most cost-effective alternatives available were offered to the individual. For purposes of this clause, "cost-effective" means community services and living arrangements that cost the

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same as or less than institutional care. For an individual found to meet eligibility criteria for home and community-based service programs under section 256B.0915 or 256B.49, "cost-effectiveness" has the meaning found in the federally approved waiver plan for each program;

(3) the need for and purpose of preadmission screening conducted by long-term care options counselors according to section 256.975, subdivisions 7a to 7c, if the person selects nursing facility placement. If the individual selects nursing facility placement, the lead agency shall forward information needed to complete the level of care determinations and screening for developmental disability and mental illness collected during the assessment to the long-term care options counselor using forms provided by the commissioner;

(4) the role of long-term care consultation assessment and support planning in eligibility determination for waiver and alternative care programs, and state plan home care, case management, and other services as defined in subdivision 1a, paragraphs (a), clause (6), and (b);

(5) information about Minnesota health care programs;

(6) the person's freedom to accept or reject the recommendations of the team;

(7) the person's right to confidentiality under the Minnesota Government Data Practices Act, chapter 13;

(8) the certified assessor's decision regarding the person's need for institutional level of care as determined under criteria established in subdivision 4e and the certified assessor's decision regarding eligibility for all services and programs as defined in subdivision 1a, paragraphs (a), clause (6), and (b); and

(9) the person's right to appeal the certified assessor's decision regarding eligibility for all services and programs as defined in subdivision 1a, paragraphs (a), clauses (6), (7), and (8), and (b), and incorporating the decision regarding the need for institutional level of care or the lead agency's final decisions regarding public programs eligibility according to section 256.045, subdivision 3. The certified assessor must verbally communicate this appeal right to the person and must visually point out where in the document the right to appeal is stated.

(k) Face-to-face assessment completed as part of eligibility determination for the alternative care, elderly waiver, developmental disabilities, community access for disability inclusion, community alternative care, and brain injury waiver programs under sections 256B.0913, 256B.0915, 256B.092, and 256B.49 is valid to establish service eligibility for no more than 60 calendar days after the date of assessment.

(l) The effective eligibility start date for programs in paragraph (k) can never be prior to the date of assessment. If an assessment was completed more than 60 days before the effective waiver or alternative care program eligibility start date, assessment and support plan information must be updated and documented in the department's Medicaid Management Information System (MMIS). Notwithstanding retroactive medical assistance coverage of state plan services, the effective date of eligibility for programs included in paragraph (k) cannot be prior to the date the most recent updated assessment is completed.

(m) If an eligibility update is completed within 90 days of the previous face-to-face assessment and documented in the department's Medicaid Management Information System (MMIS), the effective date of eligibility for programs included in paragraph (k) is the date of the previous face-to-face assessment when all other eligibility requirements are met.

(n) At the time of reassessment, the certified assessor shall assess each person receiving waiver services currently residing in a community residential setting, or licensed adult foster care home that is not the primary residence of the license holder, or in which the license holder is not the primary caregiver, to determine if that person would prefer to be served in a community-living setting as defined in section 256B.49, subdivision 23. The certified assessor shall offer the person, through a person-centered planning process, the option to receive alternative housing and service options.

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Sec. 16. Minnesota Statutes 2017 Supplement, section 256B.0911, subdivision 3f, is amended to read:

Subd. 3f. **Long-term care reassessments and community support plan updates.** (a) Prior to a face-to-face reassessment, the certified assessor must review the person's most recent assessment. Reassessments must be tailored using the professional judgment of the assessor to the person's known needs, strengths, preferences, and circumstances. Reassessments provide information to support the person's informed choice and opportunities to express choice regarding activities that contribute to quality of life, as well as information and opportunity to identify goals related to desired employment, community activities, and preferred living environment. Reassessments ~~allow for~~ require a review of the most recent assessment, review of the current coordinated service and support plan's effectiveness, monitoring of services, and the development of an updated person-centered community support plan. Reassessments verify continued eligibility or offer alternatives as warranted and provide an opportunity for quality assurance of service delivery. Face-to-face ~~assessments~~ reassessments must be conducted annually or as required by federal and state laws and rules. For reassessments, the certified assessor and the individual responsible for developing the coordinated service and support plan must ensure the continuity of care for the person receiving services and complete the updated community support plan and the updated coordinated service and support plan within the timelines established by the commissioner.

(b) The commissioner shall develop mechanisms for providers and case managers to share information with the assessor to facilitate a reassessment and support planning process tailored to the person's current needs and preferences.

Sec. 17. Minnesota Statutes 2017 Supplement, section 256B.0911, subdivision 5, is amended to read:

Subd. 5. **Administrative activity.** (a) The commissioner shall streamline the processes, including timelines for when assessments need to be completed, required to provide the services in this section and shall implement integrated solutions to automate the business processes to the extent necessary for community support plan approval, reimbursement, program planning, evaluation, and policy development.

(b) The commissioner of human services shall work with lead agencies responsible for conducting long-term consultation services to modify the MnCHOICES application and assessment policies to create efficiencies while ensuring federal compliance with medical assistance and long-term services and supports eligibility criteria.

(c) The commissioner shall work with lead agencies responsible for conducting long-term consultation services to develop a set of measurable benchmarks sufficient to demonstrate quarterly improvement in the average time per assessment and other mutually agreed upon measures of increasing efficiency. The commissioner shall collect data on these benchmarks and provide to the lead agencies and the chairs and ranking minority members of the legislative committees with jurisdiction over human services an annual trend analysis of the data in order to demonstrate the commissioner's compliance with the requirements of this subdivision.

Sec. 18. Minnesota Statutes 2017 Supplement, section 256B.0915, subdivision 3a, is amended to read:

Subd. 3a. **Elderly waiver cost limits.** (a) Effective on the first day of the state fiscal year in which the resident assessment system as described in section 256R.17 for nursing home rate determination is implemented and the first day of each subsequent state fiscal year, the monthly limit for the cost of waivered services to an individual elderly waiver client shall be the monthly limit of the case mix resident class to which the waiver client would be assigned under Minnesota Rules, parts 9549.0051 to 9549.0059, in effect on the last day of the previous state fiscal year, adjusted by any legislatively adopted home and community-based services percentage rate adjustment. If a legislatively authorized increase is service-specific, the monthly cost limit shall be adjusted based on the overall average increase to the elderly waiver program.

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(b) The monthly limit for the cost of waivered services under paragraph (a) to an individual elderly waiver client assigned to a case mix classification A with:

(1) no dependencies in activities of daily living; or

(2) up to two dependencies in bathing, dressing, grooming, walking, and eating when the dependency score in eating is three or greater as determined by an assessment performed under section 256B.0911 shall be $1,750 per month effective on July 1, 2011, for all new participants enrolled in the program on or after July 1, 2011. This monthly limit shall be applied to all other participants who meet this criteria at reassessment. This monthly limit shall be increased annually as described in paragraphs (a) and (e).

(c) If extended medical supplies and equipment or environmental modifications are or will be purchased for an elderly waiver client, the costs may be prorated for up to 12 consecutive months beginning with the month of purchase. If the monthly cost of a recipient's waivered services exceeds the monthly limit established in paragraph (a), (b), (d), or (e), the annual cost of all waivered services shall be determined. In this event, the annual cost of all waivered services shall not exceed 12 times the monthly limit of waivered services as described in paragraph (a), (b), (d), or (e).

(d) Effective July 1, 2013, the monthly cost limit of waiver services, including any necessary home care services described in section 256B.0651, subdivision 2, for individuals who meet the criteria as ventilator-dependent given in section 256B.0651, subdivision 1, paragraph (g), shall be the average of the monthly medical assistance amount established for home care services as described in section 256B.0652, subdivision 7, and the annual average contracted amount established by the commissioner for nursing facility services for ventilator-dependent individuals. This monthly limit shall be increased annually as described in paragraphs (a) and (e).

(e) Effective January 1, 2018, and each January 1 thereafter, the monthly cost limits for elderly waiver services in effect on the previous December 31 shall be increased by the difference between any legislatively adopted home and community-based provider rate increases effective on January 1 or since the previous January 1 and the average statewide percentage increase in nursing facility operating payment rates under chapter 256R, effective the previous January 1. This paragraph shall only apply if the average statewide percentage increase in nursing facility operating payment rates is greater than any legislatively adopted home and community-based provider rate increases effective on January 1, or occurring since the previous January 1.

(f) The commissioner shall approve an exception to the monthly case mix budget cap in paragraph (a) to pay for an enhanced rate under section 256B.0659, subdivision 17a. The exception shall not exceed 105 percent of the budget otherwise available to the person.

EFFECTIVE DATE. Paragraph (f) is effective July 1, 2018, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 19. Minnesota Statutes 2016, section 256B.0915, subdivision 6, is amended to read:

Subd. 6. **Implementation of coordinated service and support plan.** (a) Each elderly waiver client shall be provided a copy of a written coordinated service and support plan ~~which~~ that:

(1) is developed with and signed by the recipient within ~~ten working days after the case manager receives the assessment information and written community support plan as described in section 256B.0911, subdivision 3a, from the certified assessor~~ the timelines established by the commissioner. The timeline for completing the community support plan under section 256B.0911, subdivision 3a, and the coordinated service and support plan must not exceed 56 calendar days from the assessment visit;

(2) includes the person's need for service and identification of service needs that will be or that are met by the person's relatives, friends, and others, as well as community services used by the general public;

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(3) reasonably ensures the health and welfare of the recipient;

(4) identifies the person's preferences for services as stated by the person or the person's legal guardian or conservator;

(5) reflects the person's informed choice between institutional and community-based services, as well as choice of services, supports, and providers, including available case manager providers;

(6) identifies long-range and short-range goals for the person;

(7) identifies specific services and the amount, frequency, duration, and cost of the services to be provided to the person based on assessed needs, preferences, and available resources;

(8) includes information about the right to appeal decisions under section 256.045; and

(9) includes the authorized annual and estimated monthly amounts for the services.

(b) In developing the coordinated service and support plan, the case manager should also include the use of volunteers, religious organizations, social clubs, and civic and service organizations to support the individual in the community. The lead agency must be held harmless for damages or injuries sustained through the use of volunteers and agencies under this paragraph, including workers' compensation liability.

Sec. 20. Minnesota Statutes 2016, section 256B.092, subdivision 1b, is amended to read:

Subd. 1b. **Coordinated service and support plan.** (a) Each recipient of home and community-based waivered services shall be provided a copy of the written coordinated service and support plan ~~which~~ that:

(1) is developed with and signed by the recipient within ~~ten working days after the case manager receives the assessment information and written community support plan as described in section 256B.0911, subdivision 3a, from the certified assessor~~ the timelines established by the commissioner. The timeline for completing the community support plan under section 256B.0911, subdivision 3a, and the coordinated service and support plan must not exceed 56 calendar days from the assessment visit;

(2) includes the person's need for service, including identification of service needs that will be or that are met by the person's relatives, friends, and others, as well as community services used by the general public;

(3) reasonably ensures the health and welfare of the recipient;

(4) identifies the person's preferences for services as stated by the person, the person's legal guardian or conservator, or the parent if the person is a minor, including the person's choices made on self-directed options and on services and supports to achieve employment goals;

(5) provides for an informed choice, as defined in section 256B.77, subdivision 2, paragraph (o), of service and support providers, and identifies all available options for case management services and providers;

(6) identifies long-range and short-range goals for the person;

(7) identifies specific services and the amount and frequency of the services to be provided to the person based on assessed needs, preferences, and available resources. The coordinated service and support plan shall also specify other services the person needs that are not available;

(8) identifies the need for an individual program plan to be developed by the provider according to the respective state and federal licensing and certification standards, and additional assessments to be completed or arranged by the provider after service initiation;

(9) identifies provider responsibilities to implement and make recommendations for modification to the coordinated service and support plan;

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(10) includes notice of the right to request a conciliation conference or a hearing under section 256.045;

(11) is agreed upon and signed by the person, the person's legal guardian or conservator, or the parent if the person is a minor, and the authorized county representative;

(12) is reviewed by a health professional if the person has overriding medical needs that impact the delivery of services; and

(13) includes the authorized annual and monthly amounts for the services.

(b) In developing the coordinated service and support plan, the case manager is encouraged to include the use of volunteers, religious organizations, social clubs, and civic and service organizations to support the individual in the community. The lead agency must be held harmless for damages or injuries sustained through the use of volunteers and agencies under this paragraph, including workers' compensation liability.

(c) Approved, written, and signed changes to a consumer's services that meet the criteria in this subdivision shall be an addendum to that consumer's individual service plan.

Sec. 21. Minnesota Statutes 2016, section 256B.092, subdivision 1g, is amended to read:

Subd. 1g. **Conditions not requiring development of coordinated service and support plan.** (a) Unless otherwise required by federal law, the county agency is not required to complete a coordinated service and support plan as defined in subdivision 1b for:

(1) persons whose families are requesting respite care for their family member who resides with them, or whose families are requesting a family support grant and are not requesting purchase or arrangement of habilitative services; and

(2) persons with developmental disabilities, living independently without authorized services or receiving funding for services at a rehabilitation facility as defined in section 268A.01, subdivision 6, and not in need of or requesting additional services.

(b) Unless otherwise required by federal law, the county agency is not required to conduct or arrange for an annual needs reassessment by a certified assessor. The case manager who works on behalf of the person to identify the person's needs and to minimize the impact of the disability on the person's life must develop a person-centered service plan based on the person's assessed needs and preferences. The person-centered service plan must be reviewed annually. This paragraph applies to persons with developmental disabilities who are receiving case management services under Minnesota Rules, part 9525.0036, and who make an informed choice to decline an assessment under section 256B.0911.

Sec. 22. Minnesota Statutes 2017 Supplement, section 256B.0921, is amended to read:

256B.0921 HOME AND COMMUNITY-BASED SERVICES ~~INCENTIVE~~ INNOVATION POOL.

The commissioner of human services shall develop an initiative to provide incentives for innovation in: (1) achieving integrated competitive employment; (2) achieving integrated competitive employment for youth under age 25 upon their graduation from school; (3) living in the most integrated setting; and (4) other outcomes determined by the commissioner. The commissioner shall seek requests for proposals and shall contract with one or more entities to provide incentive payments for meeting identified outcomes.

Sec. 23. Minnesota Statutes 2017 Supplement, section 256B.49, subdivision 13, is amended to read:

Subd. 13. **Case management.** (a) Each recipient of a home and community-based waiver shall be provided case management services by qualified vendors as described in the federally approved waiver application. The case management service activities provided must include:

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(1) finalizing the written coordinated service and support plan within ~~ten working days after the case manager receives the plan from the certified assessor~~ the timelines established by the commissioner. The timeline for completing the community support plan under section 256B.0911, subdivision 3a, and the coordinated service and support plan must not exceed 56 calendar days from the assessment visit;

(2) informing the recipient or the recipient's legal guardian or conservator of service options;

(3) assisting the recipient in the identification of potential service providers and available options for case management service and providers, including services provided in a non-disability-specific setting;

(4) assisting the recipient to access services and assisting with appeals under section 256.045; and

(5) coordinating, evaluating, and monitoring of the services identified in the service plan.

(b) The case manager may delegate certain aspects of the case management service activities to another individual provided there is oversight by the case manager. The case manager may not delegate those aspects which require professional judgment including:

(1) finalizing the coordinated service and support plan;

(2) ongoing assessment and monitoring of the person's needs and adequacy of the approved coordinated service and support plan; and

(3) adjustments to the coordinated service and support plan.

(c) Case management services must be provided by a public or private agency that is enrolled as a medical assistance provider determined by the commissioner to meet all of the requirements in the approved federal waiver plans. Case management services must not be provided to a recipient by a private agency that has any financial interest in the provision of any other services included in the recipient's coordinated service and support plan. For purposes of this section, "private agency" means any agency that is not identified as a lead agency under section 256B.0911, subdivision 1a, paragraph (e).

(d) For persons who need a positive support transition plan as required in chapter 245D, the case manager shall participate in the development and ongoing evaluation of the plan with the expanded support team. At least quarterly, the case manager, in consultation with the expanded support team, shall evaluate the effectiveness of the plan based on progress evaluation data submitted by the licensed provider to the case manager. The evaluation must identify whether the plan has been developed and implemented in a manner to achieve the following within the required timelines:

(1) phasing out the use of prohibited procedures;

(2) acquisition of skills needed to eliminate the prohibited procedures within the plan's timeline; and

(3) accomplishment of identified outcomes.

If adequate progress is not being made, the case manager shall consult with the person's expanded support team to identify needed modifications and whether additional professional support is required to provide consultation.

Sec. 24. Minnesota Statutes 2017 Supplement, section 256B.4914, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given them, unless the context clearly indicates otherwise.

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

(c) "Component value" means underlying factors that are part of the cost of providing services that are built into the waiver rates methodology to calculate service rates.

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(d) "Customized living tool" means a methodology for setting service rates that delineates and documents the amount of each component service included in a recipient's customized living service plan.

(e) "Direct care staff" means employees providing direct service provision to people receiving services under this section. Direct care staff does not include executive, managerial, and administrative staff.

(f) "Disability waiver rates system" means a statewide system that establishes rates that are based on uniform processes and captures the individualized nature of waiver services and recipient needs.

~~(f)~~ (g) "Individual staffing" means the time spent as a one-to-one interaction specific to an individual recipient by staff to provide direct support and assistance with activities of daily living, instrumental activities of daily living, and training to participants, and is based on the requirements in each individual's coordinated service and support plan under section 245D.02, subdivision 4b; any coordinated service and support plan addendum under section 245D.02, subdivision 4c; and an assessment tool. Provider observation of an individual's needs must also be considered.

~~(g)~~ (h) "Lead agency" means a county, partnership of counties, or tribal agency charged with administering waivered services under sections 256B.092 and 256B.49.

~~(h)~~ (i) "Median" means the amount that divides distribution into two equal groups, one-half above the median and one-half below the median.

~~(i)~~ (j) "Payment or rate" means reimbursement to an eligible provider for services provided to a qualified individual based on an approved service authorization.

~~(j)~~ (k) "Rates management system" means a Web-based software application that uses a framework and component values, as determined by the commissioner, to establish service rates.

~~(k)~~ (l) "Recipient" means a person receiving home and community-based services funded under any of the disability waivers.

~~(l)~~ (m) "Shared staffing" means time spent by employees, not defined under paragraph ~~(f)~~ (g), providing or available to provide more than one individual with direct support and assistance with activities of daily living as defined under section 256B.0659, subdivision 1, paragraph (b); instrumental activities of daily living as defined under section 256B.0659, subdivision 1, paragraph (i); ancillary activities needed to support individual services; and training to participants, and is based on the requirements in each individual's coordinated service and support plan under section 245D.02, subdivision 4b; any coordinated service and support plan addendum under section 245D.02, subdivision 4c; an assessment tool; and provider observation of an individual's service need. Total shared staffing hours are divided proportionally by the number of individuals who receive the shared service provisions.

~~(m)~~ (n) "Staffing ratio" means the number of recipients a service provider employee supports during a unit of service based on a uniform assessment tool, provider observation, case history, and the recipient's services of choice, and not based on the staffing ratios under section 245D.31.

~~(n)~~ (o) "Unit of service" means the following:

(1) for residential support services under subdivision 6, a unit of service is a day. Any portion of any calendar day, within allowable Medicaid rules, where an individual spends time in a residential setting is billable as a day;

(2) for day services under subdivision 7:

(i) for day training and habilitation services, a unit of service is either:

(A) a day unit of service is defined as six or more hours of time spent providing direct services and transportation; or

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(B) a partial day unit of service is defined as fewer than six hours of time spent providing direct services and transportation; and

(C) for new day service recipients after January 1, 2014, 15 minute units of service must be used for fewer than six hours of time spent providing direct services and transportation;

(ii) for adult day and structured day services, a unit of service is a day or 15 minutes. A day unit of service is six or more hours of time spent providing direct services;

(iii) for prevocational services, a unit of service is a day or an hour. A day unit of service is six or more hours of time spent providing direct service;

(3) for unit-based services with programming under subdivision 8:

(i) for supported living services, a unit of service is a day or 15 minutes. When a day rate is authorized, any portion of a calendar day where an individual receives services is billable as a day; and

(ii) for all other services, a unit of service is 15 minutes; and

(4) for unit-based services without programming under subdivision 9, a unit of service is 15 minutes.

Sec. 25. Minnesota Statutes 2017 Supplement, section 256B.4914, subdivision 3, is amended to read:

Subd. 3. **Applicable services.** Applicable services are those authorized under the state's home and community-based services waivers under sections 256B.092 and 256B.49, including the following, as defined in the federally approved home and community-based services plan:

(1) 24-hour customized living;

(2) adult day care;

(3) adult day care bath;

~~(4) behavioral programming;~~

~~(5)~~ (4) companion services;

~~(6)~~ (5) customized living;

~~(7)~~ (6) day training and habilitation;

(7) employment development services;

(8) employment exploration services;

(9) employment support services;

~~(8)~~ (10) housing access coordination;

~~(9)~~ (11) independent living skills;

(12) independent living skills specialist services;

(13) individualized home supports;

~~(10)~~ (14) in-home family support;

~~(11)~~ (15) night supervision;

~~(12)~~ (16) personal support;

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(17) positive support service;

~~(13)~~ (18) prevocational services;

~~(14)~~ (19) residential care services;

~~(15)~~ (20) residential support services;

~~(16)~~ (21) respite services;

~~(17)~~ (22) structured day services;

~~(18)~~ (23) supported employment services;

~~(19)~~ (24) supported living services;

~~(20)~~ (25) transportation services;

~~(21) individualized home supports;~~

~~(22) independent living skills specialist services;~~

~~(23) employment exploration services;~~

~~(24) employment development services;~~

~~(25) employment support services;~~ and

(26) other services as approved by the federal government in the state home and community-based services plan.

Sec. 26. Minnesota Statutes 2016, section 256B.4914, subdivision 4, is amended to read:

Subd. 4. **Data collection for rate determination.** (a) Rates for applicable home and community-based waivered services, including rate exceptions under subdivision 12, are set by the rates management system.

(b) Data for services under section 256B.4913, subdivision 4a, shall be collected in a manner prescribed by the commissioner.

(c) Data and information in the rates management system may be used to calculate an individual's rate.

(d) Service providers, with information from the community support plan and oversight by lead agencies, shall provide values and information needed to calculate an individual's rate into the rates management system. The determination of service levels must be part of a discussion with members of the support team as defined in section 245D.02, subdivision 34. This discussion must occur prior to the final establishment of each individual's rate. The values and information include:

(1) shared staffing hours;

(2) individual staffing hours;

(3) direct registered nurse hours;

(4) direct licensed practical nurse hours;

(5) staffing ratios;

(6) information to document variable levels of service qualification for variable levels of reimbursement in each framework;

(7) shared or individualized arrangements for unit-based services, including the staffing ratio;

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(8) number of trips and miles for transportation services; and

(9) service hours provided through monitoring technology.

(e) Updates to individual data must include:

(1) data for each individual that is updated annually when renewing service plans; and

(2) requests by individuals or lead agencies to update a rate whenever there is a change in an individual's service needs, with accompanying documentation.

(f) Lead agencies shall review and approve all services reflecting each individual's needs, and the values to calculate the final payment rate for services with variables under subdivisions 6, 7, 8, and 9 for each individual. Lead agencies must notify the individual and the service provider of the final agreed-upon values and rate, and provide information that is identical to what was entered into the rates management system. If a value used was mistakenly or erroneously entered and used to calculate a rate, a provider may petition lead agencies to correct it. Lead agencies must respond to these requests. When responding to the request, the lead agency must consider:

(1) meeting the health and welfare needs of the individual or individuals receiving services by service site, identified in their coordinated service and support plan under section 245D.02, subdivision 4b, and any addendum under section 245D.02, subdivision 4c;

(2) meeting the requirements for staffing under subdivision 2, paragraphs ~~(f)~~ (g), ~~(i)~~ (m), and ~~(m)~~ (n); and meeting or exceeding the licensing standards for staffing required under section 245D.09, subdivision 1; and

(3) meeting the staffing ratio requirements under subdivision 2, paragraph (n), and meeting or exceeding the licensing standards for staffing required under section 245D.31.

Sec. 27. Minnesota Statutes 2017 Supplement, section 256B.4914, subdivision 5, is amended to read:

Subd. 5. **Base wage index and standard component values.** (a) The base wage index is established to determine staffing costs associated with providing services to individuals receiving home and community-based services. For purposes of developing and calculating the proposed base wage, Minnesota-specific wages taken from job descriptions and standard occupational classification (SOC) codes from the Bureau of Labor Statistics as defined in the most recent edition of the Occupational Handbook must be used. The base wage index must be calculated as follows:

(1) for residential direct care staff, the sum of:

(i) 15 percent of the subtotal of 50 percent of the median wage for personal and home health aide (SOC code 39-9021); 30 percent of the median wage for nursing assistant (SOC code 31-1014); and 20 percent of the median wage for social and human services aide (SOC code 21-1093); and

(ii) 85 percent of the subtotal of 20 percent of the median wage for home health aide (SOC code 31-1011); 20 percent of the median wage for personal and home health aide (SOC code 39-9021); 20 percent of the median wage for nursing assistant (SOC code 31-1014); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 20 percent of the median wage for social and human services aide (SOC code 21-1093);

(2) for day services, 20 percent of the median wage for nursing assistant (SOC code 31-1014); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 60 percent of the median wage for social and human services aide (SOC code 21-1093);

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(3) for residential asleep-overnight staff, the wage is the minimum wage in Minnesota for large employers, except in a family foster care setting, the wage is 36 percent of the minimum wage in Minnesota for large employers;

(4) for behavior program analyst staff, 100 percent of the median wage for mental health counselors (SOC code 21-1014);

(5) for behavior program professional staff, 100 percent of the median wage for clinical counseling and school psychologist (SOC code 19-3031);

(6) for behavior program specialist staff, 100 percent of the median wage for psychiatric technicians (SOC code 29-2053);

(7) for supportive living services staff, 20 percent of the median wage for nursing assistant (SOC code 31-1014); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 60 percent of the median wage for social and human services aide (SOC code 21-1093);

(8) for housing access coordination staff, 100 percent of the median wage for community and social services specialist (SOC code 21-1099);

(9) for in-home family support staff, 20 percent of the median wage for nursing aide (SOC code 31-1012); 30 percent of the median wage for community social service specialist (SOC code 21-1099); 40 percent of the median wage for social and human services aide (SOC code 21-1093); and ten percent of the median wage for psychiatric technician (SOC code 29-2053);

(10) for individualized home supports services staff, 40 percent of the median wage for community social service specialist (SOC code 21-1099); 50 percent of the median wage for social and human services aide (SOC code 21-1093); and ten percent of the median wage for psychiatric technician (SOC code 29-2053);

(11) for independent living skills staff, 40 percent of the median wage for community social service specialist (SOC code 21-1099); 50 percent of the median wage for social and human services aide (SOC code 21-1093); and ten percent of the median wage for psychiatric technician (SOC code 29-2053);

(12) for independent living skills specialist staff, 100 percent of mental health and substance abuse social worker (SOC code 21-1023);

(13) for supported employment staff, 20 percent of the median wage for nursing assistant (SOC code 31-1014); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 60 percent of the median wage for social and human services aide (SOC code 21-1093);

(14) for employment support services staff, 50 percent of the median wage for rehabilitation counselor (SOC code 21-1015); and 50 percent of the median wage for community and social services specialist (SOC code 21-1099);

(15) for employment exploration services staff, 50 percent of the median wage for rehabilitation counselor (SOC code 21-1015); and 50 percent of the median wage for community and social services specialist (SOC code 21-1099);

(16) for employment development services staff, 50 percent of the median wage for education, guidance, school, and vocational counselors (SOC code 21-1012); and 50 percent of the median wage for community and social services specialist (SOC code 21-1099);

(17) for adult companion staff, 50 percent of the median wage for personal and home care aide (SOC code 39-9021); and 50 percent of the median wage for nursing assistant (SOC code 31-1014);

(18) for night supervision staff, 20 percent of the median wage for home health aide (SOC code 31-1011); 20 percent of the median wage for personal and home health aide (SOC code 39-9021); 20 percent of the median wage for nursing assistant (SOC code 31-1014); 20 percent of the median wage for psychiatric

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technician (SOC code 29-2053); and 20 percent of the median wage for social and human services aide (SOC code 21-1093);

(19) for respite staff, 50 percent of the median wage for personal and home care aide (SOC code 39-9021); and 50 percent of the median wage for nursing assistant (SOC code 31-1014);

(20) for personal support staff, 50 percent of the median wage for personal and home care aide (SOC code 39-9021); and 50 percent of the median wage for nursing assistant (SOC code 31-1014);

(21) for supervisory staff, 100 percent of the median wage for community and social services specialist (SOC code 21-1099), with the exception of the supervisor of behavior professional, behavior analyst, and behavior specialists, which is 100 percent of the median wage for clinical counseling and school psychologist (SOC code 19-3031);

(22) for registered nurse staff, 100 percent of the median wage for registered nurses (SOC code 29-1141); and

(23) for licensed practical nurse staff, 100 percent of the median wage for licensed practical nurses (SOC code 29-2061).

(b) Component values for residential support services are:

(1) supervisory span of control ratio: 11 percent;

(2) employee vacation, sick, and training allowance ratio: 8.71 percent;

(3) employee-related cost ratio: 23.6 percent;

(4) general administrative support ratio: 13.25 percent;

(5) program-related expense ratio: 1.3 percent; and

(6) absence and utilization factor ratio: 3.9 percent.

(c) Component values for family foster care are:

(1) supervisory span of control ratio: 11 percent;

(2) employee vacation, sick, and training allowance ratio: 8.71 percent;

(3) employee-related cost ratio: 23.6 percent;

(4) general administrative support ratio: 3.3 percent;

(5) program-related expense ratio: 1.3 percent; and

(6) absence factor: 1.7 percent.

(d) Component values for day services for all services are:

(1) supervisory span of control ratio: 11 percent;

(2) employee vacation, sick, and training allowance ratio: 8.71 percent;

(3) employee-related cost ratio: 23.6 percent;

(4) program plan support ratio: 5.6 percent;

(5) client programming and support ratio: ten percent;

(6) general administrative support ratio: 13.25 percent;

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(7) program-related expense ratio: 1.8 percent; and

(8) absence and utilization factor ratio: 9.4 percent.

(e) Component values for unit-based services with programming are:

(1) supervisory span of control ratio: 11 percent;

(2) employee vacation, sick, and training allowance ratio: 8.71 percent;

(3) employee-related cost ratio: 23.6 percent;

(4) program plan supports ratio: 15.5 percent;

(5) client programming and supports ratio: 4.7 percent;

(6) general administrative support ratio: 13.25 percent;

(7) program-related expense ratio: 6.1 percent; and

(8) absence and utilization factor ratio: 3.9 percent.

(f) Component values for unit-based services without programming except respite are:

(1) supervisory span of control ratio: 11 percent;

(2) employee vacation, sick, and training allowance ratio: 8.71 percent;

(3) employee-related cost ratio: 23.6 percent;

(4) program plan support ratio: 7.0 percent;

(5) client programming and support ratio: 2.3 percent;

(6) general administrative support ratio: 13.25 percent;

(7) program-related expense ratio: 2.9 percent; and

(8) absence and utilization factor ratio: 3.9 percent.

(g) Component values for unit-based services without programming for respite are:

(1) supervisory span of control ratio: 11 percent;

(2) employee vacation, sick, and training allowance ratio: 8.71 percent;

(3) employee-related cost ratio: 23.6 percent;

(4) general administrative support ratio: 13.25 percent;

(5) program-related expense ratio: 2.9 percent; and

(6) absence and utilization factor ratio: 3.9 percent.

(h) On July 1, 2017, the commissioner shall update the base wage index in paragraph (a) based on the wage data by standard occupational code (SOC) from the Bureau of Labor Statistics available on December 31, 2016. The commissioner shall publish these updated values and load them into the rate management system. On July 1, 2022, and every ~~five~~ two years thereafter, the commissioner shall update the base wage index in paragraph (a) based on the ~~most recently available~~ wage data by SOC from the Bureau of Labor Statistics available on December 31 of the year two years prior to the scheduled update. The commissioner shall publish these updated values and load them into the rate management system.

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(i) On July 1, 2017, the commissioner shall update the framework components in paragraph (d), clause (5); paragraph (e), clause (5); and paragraph (f), clause (5); subdivision 6, clauses (8) and (9); and subdivision 7, clauses (10), (16), and (17), for changes in the Consumer Price Index. The commissioner will adjust these values higher or lower by the percentage change in the Consumer Price Index-All Items, United States city average (CPI-U) from January 1, 2014, to January 1, 2017. The commissioner shall publish these updated values and load them into the rate management system. On July 1, 2022, and every ~~five~~ two years thereafter, the commissioner shall update the framework components in paragraph (d), clause (5); paragraph (e), clause (5); and paragraph (f), clause (5); subdivision 6, clauses (8) and (9); and subdivision 7, clauses (10), (16), and (17), for changes in the Consumer Price Index. The commissioner shall adjust these values higher or lower by the percentage change in the CPI-U from the date of the previous update to the ~~date of the~~ data ~~most recently~~ available on December 31 of the year two years prior to the scheduled update. The commissioner shall publish these updated values and load them into the rate management system.

(j) In this subdivision, if Bureau of Labor Statistics occupational codes or Consumer Price Index items are unavailable in the future, the commissioner shall recommend to the legislature codes or items to update and replace missing component values.

(k) The commissioner shall increase the updated base wage index in paragraph (h) with a competitive workforce factor as follows:

(1) effective January 1, 2019, or upon federal approval, whichever is later, the competitive workforce factor is 8.35 percent;

(2) effective July 1, 2019, the competitive workforce factor is decreased to 4.55 percent; and

(3) effective July 1, 2022, the competitive workforce factor is increased to 5.55 percent.

The lead agencies must implement the competitive workforce factor on the dates listed in clauses (1) and (2) and not as reassessments, reauthorizations, or service plan renewals occur. Lead agencies must implement adjustments to the competitive workforce factor in clause (3) in conjunction with the base wage index updates required in paragraph (h) as reassessments, reauthorizations, or service plan renewals occur.

EFFECTIVE DATE. (a) The amendments to paragraphs (h) and (i) are effective July 1, 2022, or upon federal approval, whichever is later. The commissioner shall inform the revisor of statutes when federal approval is obtained.

(b) Paragraph (k) is effective January 1, 2019, or upon federal approval, whichever is later. The commissioner shall inform the revisor of statutes when federal approval is obtained.

Sec. 28. Minnesota Statutes 2017 Supplement, section 256B.4914, subdivision 6, is amended to read:

Subd. 6. **Payments for residential support services.** (a) Payments for residential support services, as defined in sections 256B.092, subdivision 11, and 256B.49, subdivision 22, must be calculated as follows:

(1) determine the number of shared staffing and individual direct staff hours to meet a recipient's needs provided on site or through monitoring technology;

(2) personnel hourly wage rate must be based on the 2009 Bureau of Labor Statistics Minnesota-specific rates or rates derived by the commissioner as provided in subdivision 5. This is defined as the direct-care rate;

(3) for a recipient requiring customization for deaf and hard-of-hearing language accessibility under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (2). This is defined as the customized direct-care rate;

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(4) multiply the number of shared and individual direct staff hours provided on site or through monitoring technology and nursing hours by the appropriate staff wages in subdivision 5, paragraph (a), or the customized direct-care rate;

(5) multiply the number of shared and individual direct staff hours provided on site or through monitoring technology and nursing hours by the product of the supervision span of control ratio in subdivision 5, paragraph (b), clause (1), and the appropriate supervision wage in subdivision 5, paragraph (a), clause (21);

(6) combine the results of clauses (4) and (5), excluding any shared and individual direct staff hours provided through monitoring technology, and multiply the result by one plus the employee vacation, sick, and training allowance ratio in subdivision 5, paragraph (b), clause (2). This is defined as the direct staffing cost;

(7) for employee-related expenses, multiply the direct staffing cost, excluding any shared and individual direct staff hours provided through monitoring technology, by one plus the employee-related cost ratio in subdivision 5, paragraph (b), clause (3);

(8) for client programming and supports, the commissioner shall add $2,179; and

(9) for transportation, if provided, the commissioner shall add $1,680, or $3,000 if customized for adapted transport, based on the resident with the highest assessed need.

(b) The total rate must be calculated using the following steps:

(1) subtotal paragraph (a), clauses (7) to (9), and the direct staffing cost of any shared and individual direct staff hours provided through monitoring technology that was excluded in clause (7);

(2) sum the standard general and administrative rate, the program-related expense ratio, and the absence and utilization ratio; and

(3) divide the result of clause (1) by one minus the result of clause (2). This is the total payment amount~~; and~~.

~~(4) adjust the result of clause (3) by a factor to be determined by the commissioner to adjust for regional differences in the cost of providing services.~~

(c) The payment methodology for customized living, 24-hour customized living, and residential care services must be the customized living tool. Revisions to the customized living tool must be made to reflect the services and activities unique to disability-related recipient needs.

(d) For individuals enrolled prior to January 1, 2014, the days of service authorized must meet or exceed the days of service used to convert service agreements in effect on December 1, 2013, and must not result in a reduction in spending or service utilization due to conversion during the implementation period under section 256B.4913, subdivision 4a. If during the implementation period, an individual's historical rate, including adjustments required under section 256B.4913, subdivision 4a, paragraph (c), is equal to or greater than the rate determined in this subdivision, the number of days authorized for the individual is 365.

(e) The number of days authorized for all individuals enrolling after January 1, 2014, in residential services must include every day that services start and end.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 29. Minnesota Statutes 2017 Supplement, section 256B.4914, subdivision 7, is amended to read:

Subd. 7. **Payments for day programs.** Payments for services with day programs including adult day care, day treatment and habilitation, prevocational services, and structured day services must be calculated as follows:

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(1) determine the number of units of service and staffing ratio to meet a recipient's needs:

(i) the staffing ratios for the units of service provided to a recipient in a typical week must be averaged to determine an individual's staffing ratio; and

(ii) the commissioner, in consultation with service providers, shall develop a uniform staffing ratio worksheet to be used to determine staffing ratios under this subdivision;

(2) personnel hourly wage rates must be based on the 2009 Bureau of Labor Statistics Minnesota-specific rates or rates derived by the commissioner as provided in subdivision 5;

(3) for a recipient requiring customization for deaf and hard-of-hearing language accessibility under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (2). This is defined as the customized direct-care rate;

(4) multiply the number of day program direct staff hours and nursing hours by the appropriate staff wage in subdivision 5, paragraph (a), or the customized direct-care rate;

(5) multiply the number of day direct staff hours by the product of the supervision span of control ratio in subdivision 5, paragraph (d), clause (1), and the appropriate supervision wage in subdivision 5, paragraph (a), clause (21);

(6) combine the results of clauses (4) and (5), and multiply the result by one plus the employee vacation, sick, and training allowance ratio in subdivision 5, paragraph (d), clause (2). This is defined as the direct staffing rate;

(7) for program plan support, multiply the result of clause (6) by one plus the program plan support ratio in subdivision 5, paragraph (d), clause (4);

(8) for employee-related expenses, multiply the result of clause (7) by one plus the employee-related cost ratio in subdivision 5, paragraph (d), clause (3);

(9) for client programming and supports, multiply the result of clause (8) by one plus the client programming and support ratio in subdivision 5, paragraph (d), clause (5);

(10) for program facility costs, add $19.30 per week with consideration of staffing ratios to meet individual needs;

(11) for adult day bath services, add $7.01 per 15 minute unit;

(12) this is the subtotal rate;

(13) sum the standard general and administrative rate, the program-related expense ratio, and the absence and utilization factor ratio;

(14) divide the result of clause (12) by one minus the result of clause (13). This is the total payment amount;

~~(15) adjust the result of clause (14) by a factor to be determined by the commissioner to adjust for regional differences in the cost of providing services;~~

~~(16)~~ (15) for transportation provided as part of day training and habilitation for an individual who does not require a lift, add:

(i) $10.50 for a trip between zero and ten miles for a nonshared ride in a vehicle without a lift, $8.83 for a shared ride in a vehicle without a lift, and $9.25 for a shared ride in a vehicle with a lift;

(ii) $15.75 for a trip between 11 and 20 miles for a nonshared ride in a vehicle without a lift, $10.58 for a shared ride in a vehicle without a lift, and $11.88 for a shared ride in a vehicle with a lift;

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(iii) $25.75 for a trip between 21 and 50 miles for a nonshared ride in a vehicle without a lift, $13.92 for a shared ride in a vehicle without a lift, and $16.88 for a shared ride in a vehicle with a lift; or

(iv) $33.50 for a trip of 51 miles or more for a nonshared ride in a vehicle without a lift, $16.50 for a shared ride in a vehicle without a lift, and $20.75 for a shared ride in a vehicle with a lift; and

~~(17)~~ (16) for transportation provided as part of day training and habilitation for an individual who does require a lift, add:

(i) $19.05 for a trip between zero and ten miles for a nonshared ride in a vehicle with a lift, and $15.05 for a shared ride in a vehicle with a lift;

(ii) $32.16 for a trip between 11 and 20 miles for a nonshared ride in a vehicle with a lift, and $28.16 for a shared ride in a vehicle with a lift;

(iii) $58.76 for a trip between 21 and 50 miles for a nonshared ride in a vehicle with a lift, and $58.76 for a shared ride in a vehicle with a lift; or

(iv) $80.93 for a trip of 51 miles or more for a nonshared ride in a vehicle with a lift, and $80.93 for a shared ride in a vehicle with a lift.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 30. Minnesota Statutes 2017 Supplement, section 256B.4914, subdivision 8, is amended to read:

Subd. 8. **Payments for unit-based services with programming.** Payments for unit-based services with programming, including behavior programming, housing access coordination, in-home family support, independent living skills training, independent living skills specialist services, individualized home supports, hourly supported living services, employment exploration services, employment development services, supported employment, and employment support services provided to an individual outside of any day or residential service plan must be calculated as follows, unless the services are authorized separately under subdivision 6 or 7:

(1) determine the number of units of service to meet a recipient's needs;

(2) personnel hourly wage rate must be based on the 2009 Bureau of Labor Statistics Minnesota-specific rates or rates derived by the commissioner as provided in subdivision 5;

(3) for a recipient requiring customization for deaf and hard-of-hearing language accessibility under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (2). This is defined as the customized direct-care rate;

(4) multiply the number of direct staff hours by the appropriate staff wage in subdivision 5, paragraph (a), or the customized direct-care rate;

(5) multiply the number of direct staff hours by the product of the supervision span of control ratio in subdivision 5, paragraph (e), clause (1), and the appropriate supervision wage in subdivision 5, paragraph (a), clause (21);

(6) combine the results of clauses (4) and (5), and multiply the result by one plus the employee vacation, sick, and training allowance ratio in subdivision 5, paragraph (e), clause (2). This is defined as the direct staffing rate;

(7) for program plan support, multiply the result of clause (6) by one plus the program plan supports ratio in subdivision 5, paragraph (e), clause (4);

(8) for employee-related expenses, multiply the result of clause (7) by one plus the employee-related cost ratio in subdivision 5, paragraph (e), clause (3);

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(9) for client programming and supports, multiply the result of clause (8) by one plus the client programming and supports ratio in subdivision 5, paragraph (e), clause (5);

(10) this is the subtotal rate;

(11) sum the standard general and administrative rate, the program-related expense ratio, and the absence and utilization factor ratio;

(12) divide the result of clause (10) by one minus the result of clause (11). This is the total payment amount; and

(13) for supported employment provided in a shared manner, divide the total payment amount in clause (12) by the number of service recipients, not to exceed three. For employment support services provided in a shared manner, divide the total payment amount in clause (12) by the number of service recipients, not to exceed six. For independent living skills training and individualized home supports provided in a shared manner, divide the total payment amount in clause (12) by the number of service recipients, not to exceed two; and.

~~(14) adjust the result of clause (13) by a factor to be determined by the commissioner to adjust for regional differences in the cost of providing services.~~

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 31. Minnesota Statutes 2017 Supplement, section 256B.4914, subdivision 9, is amended to read:

Subd. 9. **Payments for unit-based services without programming.** Payments for unit-based services without programming, including night supervision, personal support, respite, and companion care provided to an individual outside of any day or residential service plan must be calculated as follows unless the services are authorized separately under subdivision 6 or 7:

(1) for all services except respite, determine the number of units of service to meet a recipient's needs;

(2) personnel hourly wage rates must be based on the 2009 Bureau of Labor Statistics Minnesota-specific rate or rates derived by the commissioner as provided in subdivision 5;

(3) for a recipient requiring customization for deaf and hard-of-hearing language accessibility under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (2). This is defined as the customized direct care rate;

(4) multiply the number of direct staff hours by the appropriate staff wage in subdivision 5 or the customized direct care rate;

(5) multiply the number of direct staff hours by the product of the supervision span of control ratio in subdivision 5, paragraph (f), clause (1), and the appropriate supervision wage in subdivision 5, paragraph (a), clause (21);

(6) combine the results of clauses (4) and (5), and multiply the result by one plus the employee vacation, sick, and training allowance ratio in subdivision 5, paragraph (f), clause (2). This is defined as the direct staffing rate;

(7) for program plan support, multiply the result of clause (6) by one plus the program plan support ratio in subdivision 5, paragraph (f), clause (4);

(8) for employee-related expenses, multiply the result of clause (7) by one plus the employee-related cost ratio in subdivision 5, paragraph (f), clause (3);

(9) for client programming and supports, multiply the result of clause (8) by one plus the client programming and support ratio in subdivision 5, paragraph (f), clause (5);

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(10) this is the subtotal rate;

(11) sum the standard general and administrative rate, the program-related expense ratio, and the absence and utilization factor ratio;

(12) divide the result of clause (10) by one minus the result of clause (11). This is the total payment amount;

(13) for respite services, determine the number of day units of service to meet an individual's needs;

(14) personnel hourly wage rates must be based on the 2009 Bureau of Labor Statistics Minnesota-specific rate or rates derived by the commissioner as provided in subdivision 5;

(15) for a recipient requiring deaf and hard-of-hearing customization under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (14). This is defined as the customized direct care rate;

(16) multiply the number of direct staff hours by the appropriate staff wage in subdivision 5, paragraph (a);

(17) multiply the number of direct staff hours by the product of the supervisory span of control ratio in subdivision 5, paragraph (g), clause (1), and the appropriate supervision wage in subdivision 5, paragraph (a), clause (21);

(18) combine the results of clauses (16) and (17), and multiply the result by one plus the employee vacation, sick, and training allowance ratio in subdivision 5, paragraph (g), clause (2). This is defined as the direct staffing rate;

(19) for employee-related expenses, multiply the result of clause (18) by one plus the employee-related cost ratio in subdivision 5, paragraph (g), clause (3);

(20) this is the subtotal rate;

(21) sum the standard general and administrative rate, the program-related expense ratio, and the absence and utilization factor ratio; and

(22) divide the result of clause (20) by one minus the result of clause (21). This is the total payment amount~~; and~~.

~~(23) adjust the result of clauses (12) and (22) by a factor to be determined by the commissioner to adjust for regional differences in the cost of providing services.~~

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 32. Minnesota Statutes 2017 Supplement, section 256B.4914, subdivision 10, is amended to read:

Subd. 10. **Updating payment values and additional information.** (a) From January 1, 2014, through December 31, 2017, the commissioner shall develop and implement uniform procedures to refine terms and adjust values used to calculate payment rates in this section.

(b) No later than July 1, 2014, the commissioner shall, within available resources, begin to conduct research and gather data and information from existing state systems or other outside sources on the following items:

(1) differences in the underlying cost to provide services and care across the state; and

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(2) mileage, vehicle type, lift requirements, incidents of individual and shared rides, and units of transportation for all day services, which must be collected from providers using the rate management worksheet and entered into the rates management system; and

(3) the distinct underlying costs for services provided by a license holder under sections 245D.05, 245D.06, 245D.07, 245D.071, 245D.081, and 245D.09, and for services provided by a license holder certified under section 245D.33.

(c) Beginning January 1, 2014, through December 31, 2018, using a statistically valid set of rates management system data, the commissioner, in consultation with stakeholders, shall analyze for each service the average difference in the rate on December 31, 2013, and the framework rate at the individual, provider, lead agency, and state levels. The commissioner shall issue semiannual reports to the stakeholders on the difference in rates by service and by county during the banding period under section 256B.4913, subdivision 4a. The commissioner shall issue the first report by October 1, 2014, and the final report shall be issued by December 31, 2018.

(d) No later than July 1, 2014, the commissioner, in consultation with stakeholders, shall begin the review and evaluation of the following values already in subdivisions 6 to 9, or issues that impact all services, including, but not limited to:

(1) values for transportation rates;

(2) values for services where monitoring technology replaces staff time;

(3) values for indirect services;

(4) values for nursing;

(5) values for the facility use rate in day services, and the weightings used in the day service ratios and adjustments to those weightings;

(6) values for workers' compensation as part of employee-related expenses;

(7) values for unemployment insurance as part of employee-related expenses;

(8) any changes in state or federal law with a direct impact on the underlying cost of providing home and community-based services; ~~and~~

(9) direct care staff labor market measures; and

(10) outcome measures, determined by the commissioner, for home and community-based services rates determined under this section.

(e) The commissioner shall report to the chairs and the ranking minority members of the legislative committees and divisions with jurisdiction over health and human services policy and finance with the information and data gathered under paragraphs (b) to (d) on the following dates:

(1) January 15, 2015, with preliminary results and data;

(2) January 15, 2016, with a status implementation update, and additional data and summary information;

(3) January 15, 2017, with the full report; and

(4) January 15, 2020, with another full report, and a full report once every four years thereafter.

(f) The commissioner shall implement a regional adjustment factor to all rate calculations in subdivisions 6 to 9, effective no later than January 1, 2015. Beginning July 1, 2017, the commissioner shall renew analysis and implement changes to the regional adjustment factors when adjustments required under subdivision 5,

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paragraph (h), occur. Prior to implementation, the commissioner shall consult with stakeholders on the methodology to calculate the adjustment.

(g) The commissioner shall provide a public notice via LISTSERV in October of each year beginning October 1, 2014, containing information detailing legislatively approved changes in:

(1) calculation values including derived wage rates and related employee and administrative factors;

(2) service utilization;

(3) county and tribal allocation changes; and

(4) information on adjustments made to calculation values and the timing of those adjustments.

The information in this notice must be effective January 1 of the following year.

(h) When the available shared staffing hours in a residential setting are insufficient to meet the needs of an individual who enrolled in residential services after January 1, 2014, or insufficient to meet the needs of an individual with a service agreement adjustment described in section 256B.4913, subdivision 4a, paragraph (f), then individual staffing hours shall be used.

(i) The commissioner shall study the underlying cost of absence and utilization for day services. Based on the commissioner's evaluation of the data collected under this paragraph, the commissioner shall make recommendations to the legislature by January 15, 2018, for changes, if any, to the absence and utilization factor ratio component value for day services.

(j) Beginning July 1, 2017, the commissioner shall collect transportation and trip information for all day services through the rates management system.

Sec. 33. Minnesota Statutes 2017 Supplement, section 256B.4914, subdivision 10a, is amended to read:

Subd. 10a. **Reporting and analysis of cost data.** (a) The commissioner must ensure that wage values and component values in subdivisions 5 to 9 reflect the cost to provide the service. As determined by the commissioner, in consultation with stakeholders identified in section 256B.4913, subdivision 5, a provider enrolled to provide services with rates determined under this section must submit requested cost data to the commissioner to support research on the cost of providing services that have rates determined by the disability waiver rates system. Requested cost data may include, but is not limited to:

(1) worker wage costs;

(2) benefits paid;

(3) supervisor wage costs;

(4) executive wage costs;

(5) vacation, sick, and training time paid;

(6) taxes, workers' compensation, and unemployment insurance costs paid;

(7) administrative costs paid;

(8) program costs paid;

(9) transportation costs paid;

(10) vacancy rates; and

(11) other data relating to costs required to provide services requested by the commissioner.

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(b) At least once in any five-year period, a provider must submit cost data for a fiscal year that ended not more than 18 months prior to the submission date. The commissioner shall provide each provider a 90-day notice prior to its submission due date. If a provider fails to submit required reporting data, the commissioner shall provide notice to providers that have not provided required data 30 days after the required submission date, and a second notice for providers who have not provided required data 60 days after the required submission date. The commissioner shall temporarily suspend payments to the provider if cost data is not received 90 days after the required submission date. Withheld payments shall be made once data is received by the commissioner.

(c) The commissioner shall conduct a random validation of data submitted under paragraph (a) to ensure data accuracy. The commissioner shall analyze cost documentation in paragraph (a) and provide recommendations for adjustments to cost components.

(d) The commissioner shall analyze cost documentation in paragraph (a) and, in consultation with stakeholders identified in section 256B.4913, subdivision 5, may submit recommendations on component values and inflationary factor adjustments to the chairs and ranking minority members of the legislative committees with jurisdiction over human services every four years beginning January 1, 2020. The commissioner shall make recommendations in conjunction with reports submitted to the legislature according to subdivision 10, paragraph (e). The commissioner shall release cost data in an aggregate form, and cost data from individual providers shall not be released except as provided for in current law.

(e) The commissioner, in consultation with stakeholders identified in section 256B.4913, subdivision 5, shall develop and implement a process for providing training and technical assistance necessary to support provider submission of cost documentation required under paragraph (a).

(f) Beginning November 1, 2018, providers enrolled to provide services with rates determined under this section shall submit labor market data to the commissioner annually, including, but not limited to:

(1) number of direct care staff;

(2) wages of direct care staff;

(3) overtime wages of direct care staff;

(4) hours worked by direct care staff;

(5) overtime hours worked by direct care staff;

(6) benefits provided to direct care staff;

(7) direct care staff job vacancies; and

(8) direct care staff retention rates.

(g) Beginning February 1, 2019, the commissioner shall publish annual reports on provider and state-level labor market data, including, but not limited to:

(1) number of direct care staff;

(2) wages of direct care staff;

(3) overtime wages of direct care staff;

(4) hours worked by direct care staff;

(5) overtime hours worked by direct care staff;

(6) benefits provided to direct care staff;

(7) direct care staff job vacancies; and

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(8) direct care staff retention rates.

Sec. 34. Minnesota Statutes 2016, section 256B.5012, is amended by adding a subdivision to read:

Subd. 18. **ICF/DD rate increase effective July 1, 2018; Steele County.** Effective July 1, 2018, the daily rate for an intermediate care facility for persons with developmental disabilities located in Steele County that is classified as a class B facility and licensed for 16 beds is $400. The increase under this subdivision is in addition to any other increase that is effective on July 1, 2018.

Sec. 35. Minnesota Statutes 2017 Supplement, section 256I.03, subdivision 8, is amended to read:

Subd. 8. **Supplementary services.** "Supplementary services" means housing support services provided to individuals in addition to room and board including, but not limited to, oversight and up to 24-hour supervision, medication reminders, assistance with transportation, arranging for meetings and appointments, and arranging for medical and social services. Providers must comply with section 256I.04, subdivision 2h.

Sec. 36. Minnesota Statutes 2017 Supplement, section 256I.04, subdivision 2b, is amended to read:

Subd. 2b. **Housing support agreements.** (a) Agreements between agencies and providers of housing support must be in writing on a form developed and approved by the commissioner and must specify the name and address under which the establishment subject to the agreement does business and under which the establishment, or service provider, if different from the group residential housing establishment, is licensed by the Department of Health or the Department of Human Services; the specific license or registration from the Department of Health or the Department of Human Services held by the provider and the number of beds subject to that license; the address of the location or locations at which group residential housing is provided under this agreement; the per diem and monthly rates that are to be paid from housing support funds for each eligible resident at each location; the number of beds at each location which are subject to the agreement; whether the license holder is a not-for-profit corporation under section 501(c)(3) of the Internal Revenue Code; and a statement that the agreement is subject to the provisions of sections 256I.01 to 256I.06 and subject to any changes to those sections.

(b) Providers are required to verify the following minimum requirements in the agreement:

(1) current license or registration, including authorization if managing or monitoring medications;

(2) all staff who have direct contact with recipients meet the staff qualifications;

(3) the provision of housing support;

(4) the provision of supplementary services, if applicable;

(5) reports of adverse events, including recipient death or serious injury; ~~and~~

(6) submission of residency requirements that could result in recipient eviction~~.~~; and

(7) confirmation that the provider will not limit or restrict the number of hours an applicant or recipient chooses to be employed, as specified in subdivision 5.

(c) Agreements may be terminated with or without cause by the commissioner, the agency, or the provider with two calendar months prior notice. The commissioner may immediately terminate an agreement under subdivision 2d.

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Sec. 37. Minnesota Statutes 2016, section 256I.04, is amended by adding a subdivision to read:

Subd. 2h. **Required supplementary services.** Providers of supplementary services shall ensure that recipients have, at a minimum, assistance with services as identified in the recipient's professional statement of need under section 256I.03, subdivision 12. Providers of supplementary services shall maintain case notes with the date and description of services provided to individual recipients.

Sec. 38. Minnesota Statutes 2016, section 256I.04, is amended by adding a subdivision to read:

Subd. 5. **Employment.** A provider is prohibited from limiting or restricting the number of hours an applicant or recipient is employed.

Sec. 39. Minnesota Statutes 2017 Supplement, section 256I.05, subdivision 3, is amended to read:

Subd. 3. **Limits on rates.** ~~When a room and board rate is used to pay for an individual's room and board,~~ The room and board rate payable to the residence ~~must~~ may not exceed the rate paid by an individual who is eligible for housing support under section 256I.04, subdivision 1, but who is not receiving a room and board rate ~~under this chapter~~.

Sec. 40. Minnesota Statutes 2016, section 256R.53, subdivision 2, is amended to read:

Subd. 2. **Nursing ~~facility~~ facilities in ~~Breckenridge~~ border cities.** The operating payment rate of a nonprofit nursing facility that exists on January 1, 2015, is located within the boundaries of the ~~city~~ cities of Breckenridge or Moorhead, and is reimbursed under this chapter, is equal to the greater of:

(1) the operating payment rate determined under section 256R.21, subdivision 3; or

(2) the median case mix adjusted rates, including comparable rate components as determined by the median case mix adjusted rates, including comparable rate components as determined by the commissioner, for the equivalent case mix indices of the nonprofit nursing facility or facilities located in an adjacent city in another state and in cities contiguous to the adjacent city. The commissioner shall make the comparison required in this subdivision on November 1 of each year and shall apply it to the rates to be effective on the following January 1. The Minnesota facility's operating payment rate with a case mix index of 1.0 is computed by dividing the adjacent city's nursing facility or facilities' median operating payment rate with an index of 1.02 by 1.02. If the adjustments under this subdivision result in a rate that exceeds the limits in section 256R.23, subdivision 5, and whose costs exceed the rate in section 256R.24, subdivision 3, in a given rate year, the facility's rate shall not be subject to the limits in section 256R.23, subdivision 5, and shall not be limited to the rate established in section 256R.24, subdivision 3, for that rate year.

EFFECTIVE DATE. The rate increases for a facility located in Moorhead are effective for the rate year beginning January 1, 2020, and annually thereafter.

Sec. 41. Laws 2014, chapter 312, article 27, section 76, is amended to read:

Sec. 76. **DISABILITY WAIVER REIMBURSEMENT RATE ADJUSTMENTS.**

Subdivision 1. **Historical rate.** The commissioner of human services shall adjust the historical rates calculated in Minnesota Statutes, section 256B.4913, subdivision 4a, paragraph (b), in effect during the banding period under Minnesota Statutes, section 256B.4913, subdivision 4a, paragraph (a), for the reimbursement rate increases effective April 1, 2014, and any rate modification enacted during the 2014 legislative session.

~~Subd. 2. **Residential support services.** The commissioner of human services shall adjust the rates calculated in Minnesota Statutes, section 256B.4914, subdivision 6, paragraphs (b), clause (4), and (c), for~~

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~~the reimbursement rate increases effective April 1, 2014, and any rate modification enacted during the 2014 legislative session.~~

~~Subd. 3. **Day programs.** The commissioner of human services shall adjust the rates calculated in Minnesota Statutes, section 256B.4914, subdivision 7, paragraph (a), clauses (15) to (17), for the reimbursement rate increases effective April 1, 2014, and any rate modification enacted during the 2014 legislative session.~~

~~Subd. 4. **Unit-based services with programming.** The commissioner of human services shall adjust the rate calculated in Minnesota Statutes, section 256B.4914, subdivision 8, paragraph (a), clause (14), for the reimbursement rate increases effective April 1, 2014, and any rate modification enacted during the 2014 legislative session.~~

~~Subd. 5. **Unit-based services without programming.** The commissioner of human services shall adjust the rate calculated in Minnesota Statutes, section 256B.4914, subdivision 9, paragraph (a), clause (23), for the reimbursement rate increases effective April 1, 2014, and any rate modification enacted during the 2014 legislative session.~~

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 42. Laws 2017, First Special Session chapter 6, article 3, section 49, is amended to read:

Sec. 49. **ELECTRONIC ~~SERVICE DELIVERY DOCUMENTATION SYSTEM~~ VISIT VERIFICATION.**

Subdivision 1. **Documentation; establishment.** The commissioner of human services shall establish implementation requirements and standards for ~~an~~ electronic ~~service delivery documentation system~~ visit verification to comply with the 21st Century Cures Act, Public Law 114-255. Within available appropriations, the commissioner shall take steps to comply with the electronic visit verification requirements in the 21st Century Cures Act, Public Law 114-255.

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

(b) "Electronic ~~service delivery documentation~~ visit verification" means the electronic documentation of the:

(1) type of service performed;

(2) individual receiving the service;

(3) date of the service;

(4) location of the service delivery;

(5) individual providing the service; and

(6) time the service begins and ends.

(c) "Electronic ~~service delivery documentation~~ visit verification system" means a system that provides electronic ~~service delivery documentation~~ verification of services that complies with the 21st Century Cures Act, Public Law 114-255, and the requirements of subdivision 3.

(d) "Service" means one of the following:

(1) personal care assistance services as defined in Minnesota Statutes, section 256B.0625, subdivision 19a, and provided according to Minnesota Statutes, section 256B.0659; ~~or~~

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(2) community first services and supports under Minnesota Statutes, section 256B.85;

(3) home health services under Minnesota Statutes, section 256B.0625, subdivision 6a; or

(4) other medical supplies and equipment or home and community-based services that are required to be electronically verified by the 21st Century Cures Act, Public Law 114-255.

Subd. 3. **System requirements.** (a) In developing implementation requirements for ~~an~~ electronic ~~service delivery documentation system~~ visit verification, the commissioner shall ~~consider electronic visit verification systems and other electronic service delivery documentation methods. The commissioner shall convene stakeholders that will be impacted by an electronic service delivery system, including service providers and their representatives, service recipients and their representatives, and, as appropriate, those with expertise in the development and operation of an electronic service delivery documentation system, to~~ ensure that the requirements:

(1) are minimally administratively and financially burdensome to a provider;

(2) are minimally burdensome to the service recipient and the least disruptive to the service recipient in receiving and maintaining allowed services;

(3) consider existing best practices and use of electronic ~~service delivery documentation~~ visit verification;

(4) are conducted according to all state and federal laws;

(5) are effective methods for preventing fraud when balanced against the requirements of clauses (1) and (2); and

(6) are consistent with the Department of Human Services' policies related to covered services, flexibility of service use, and quality assurance.

(b) The commissioner shall make training available to providers on the electronic ~~service delivery documentation~~ visit verification system requirements.

(c) The commissioner shall establish baseline measurements related to preventing fraud and establish measures to determine the effect of electronic ~~service delivery documentation~~ visit verification requirements on program integrity.

(d) The commissioner shall make a state-selected electronic visit verification system available to providers of services.

Subd. 3a. **Provider requirements.** (a) Providers of services may select their own electronic visit verification system that meets the requirements established by the commissioner.

(b) All electronic visit verification systems used by providers to comply with the requirements established by the commissioner must provide data to the commissioner in a format and at a frequency to be established by the commissioner.

(c) Providers must implement the electronic visit verification systems required under this section by January 1, 2019, for personal care services and by January 1, 2023, for home health services in accordance with the 21st Century Cures Act, Public Law 114-255, and the Centers for Medicare and Medicaid Services guidelines. For the purposes of this paragraph, "personal care services" and "home health services" have the meanings given in United States Code, title 42, section 1396b(l)(5).

~~Subd. 4. **Legislative report.** (a) The commissioner shall submit a report by January 15, 2018, to the chairs and ranking minority members of the legislative committees with jurisdiction over human services with recommendations, based on the requirements of subdivision 3, to establish electronic service delivery documentation system requirements and standards. The report shall identify:~~

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~~(1) the essential elements necessary to operationalize a base-level electronic service delivery documentation system to be implemented by January 1, 2019; and~~

~~(2) enhancements to the base-level electronic service delivery documentation system to be implemented by January 1, 2019, or after, with projected operational costs and the costs and benefits for system enhancements.~~

~~(b) The report must also identify current regulations on service providers that are either inefficient, minimally effective, or will be unnecessary with the implementation of an electronic service delivery documentation system.~~

Sec. 43. **DIRECTION TO COMMISSIONER; BI AND CADI WAIVER CUSTOMIZED LIVING SERVICES PROVIDER LOCATED IN HENNEPIN COUNTY.**

(a) The commissioner of human services shall allow a housing with services establishment located in Minneapolis that provides customized living and 24-hour customized living services for clients enrolled in the brain injury (BI) or community access for disability inclusion (CADI) waiver and had a capacity to serve 66 clients as of July 1, 2017, to transfer service capacity of up to 66 clients to no more than three new housing with services establishments located in Hennepin County.

(b) Notwithstanding Minnesota Statutes, section 256B.492, the commissioner shall determine whether the new housing with services establishments described under paragraph (a) meet the BI and CADI waiver customized living and 24-hour customized living size limitation exception for clients receiving those services at the new housing with services establishments described under paragraph (a).

Sec. 44. **DIRECTION TO COMMISSIONER.**

(a) The commissioner of human services must ensure that the MnCHOICES 2.0 assessment and support planning tool incorporates a qualitative approach with open-ended questions and a conversational, culturally sensitive approach to interviewing that captures the assessor's professional judgment based on the person's responses.

(b) If the commissioner of human services convenes a working group or consults with stakeholders for the purposes of modifying the assessment and support planning process or tool, the commissioner must include members of the disability community, including representatives of organizations and individuals involved in assessment and support planning.

Sec. 45. **DIRECTION TO COMMISSIONER; DISABILITY WAIVER RATE SYSTEM.**

(a) Between July 1, 2018, and December 31, 2018, the commissioner of human services shall continue to reimburse the Centers for Medicare and Medicaid Services for the disallowed federal share of the rate increases described in Laws 2014, chapter 312, article 27, section 76, subdivisions 2 to 5.

(b) No later than July 1, 2018, the commissioner of human services shall submit to the federal Centers for Medicare and Medicaid Services any home and community-based services waivers or plan amendments necessary to implement the changes to the disability waiver rate system under Minnesota Statutes, sections 256B.4913 and 256B.4914. The priorities for submittal to the federal Centers for Medicare and Medicaid Services are as follows:

(1) first priority for submittal are the changes related to the establishment of the new competitive workforce factor; and

(2) second priority for submittal are the changes related to the inflationary adjustments, removal of the regional variance factor, and changes to the reporting requirements.

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

Sec. 46. **REVISOR'S INSTRUCTION.**

(a) The revisor of statutes shall codify Laws 2017, First Special Session chapter 6, article 3, section 49, as amended in this article, in Minnesota Statutes, chapter 256B.

(b) The revisor of statutes shall change the term "developmental disability waiver" or similar terms to "developmental disabilities waiver" or similar terms wherever they appear in Minnesota Statutes and Minnesota Rules. The revisor shall also make technical and other necessary changes to sentence structure to preserve the meaning of the text.

Sec. 47. **REPEALER.**

Minnesota Statutes 2016, section 256B.0705, is repealed.

EFFECTIVE DATE. This section is effective January 1, 2019.

ARTICLE 43

MISCELLANEOUS

Section 1. Minnesota Statutes 2016, section 62V.05, subdivision 5, is amended to read:

Subd. 5. **Health carrier and health plan requirements; participation.** (a) Beginning January 1, 2015, the board may establish certification requirements for health carriers and health plans to be offered through MNsure that satisfy federal requirements under ~~section 1311(c)(1) of the Affordable Care Act, Public Law 111-148~~ United States Code, title 42, section 18031(c)(1).

(b) Paragraph (a) does not apply if by June 1, 2013, the legislature enacts regulatory requirements that:

(1) apply uniformly to all health carriers and health plans in the individual market;

(2) apply uniformly to all health carriers and health plans in the small group market; and

(3) satisfy minimum federal certification requirements under ~~section 1311(c)(1) of the Affordable Care Act, Public Law 111-148~~ United States Code, title 42, section 18031(c)(1).

(c) In accordance with ~~section 1311(c) of the Affordable Care Act, Public Law 111-148~~ United States Code, title 42, section 18031(e), the board shall establish policies and procedures for certification and selection of health plans to be offered as qualified health plans through MNsure. The board shall certify and select a health plan as a qualified health plan to be offered through MNsure, if:

(1) the health plan meets the minimum certification requirements established in paragraph (a) or the market regulatory requirements in paragraph (b);

(2) the board determines that making the health plan available through MNsure is in the interest of qualified individuals and qualified employers;

(3) the health carrier applying to offer the health plan through MNsure also applies to offer health plans at each actuarial value level and service area that the health carrier currently offers in the individual and small group markets; and

(4) the health carrier does not apply to offer health plans in the individual and small group markets through MNsure under a separate license of a parent organization or holding company under section 60D.15, that is different from what the health carrier offers in the individual and small group markets outside MNsure.

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(d) In determining the interests of qualified individuals and employers under paragraph (c), clause (2), the board may not exclude a health plan for any reason specified under ~~section 1311(e)(1)(B) of the Affordable Care Act, Public Law 111-148~~ United States Code, title 42, section 18031(e)(1)(B). ~~The board may consider:~~

~~(1) affordability;~~

~~(2) quality and value of health plans;~~

~~(3) promotion of prevention and wellness;~~

~~(4) promotion of initiatives to reduce health disparities;~~

~~(5) market stability and adverse selection;~~

~~(6) meaningful choices and access;~~

~~(7) alignment and coordination with state agency and private sector purchasing strategies and payment reform efforts; and~~

~~(8) other criteria that the board determines appropriate.~~

(e) A health plan that meets the minimum certification requirements under paragraph (c) and United States Code, title 42, section 18031(c)(1), and any regulations and guidance issued under that section, is deemed to be in the interest of qualified individuals and qualified employers. The board shall not establish certification requirements for health carriers and health plans for participation in MNsure that are in addition to the certification requirements under paragraph (c) and United States Code, title 42, section 18031(c)(1), and any regulations and guidance issued under that section. The board shall not determine the cost of, cost-sharing elements of, or benefits provided in health plans sold through MNsure.

~~(e)~~ (f) For qualified health plans offered through MNsure on or after January 1, 2015, the board shall establish policies and procedures under paragraphs (c) and (d) for selection of health plans to be offered as qualified health plans through MNsure by February 1 of each year, beginning February 1, 2014. The board shall consistently and uniformly apply all policies and procedures and any requirements, standards, or criteria to all health carriers and health plans. For any policies, procedures, requirements, standards, or criteria that are defined as rules under section 14.02, subdivision 4, the board may use the process described in subdivision 9.

~~(f) For 2014, the board shall not have the power to select health carriers and health plans for participation in MNsure. The board shall permit all health plans that meet the certification requirements under section 1311(e)(1) of the Affordable Care Act, Public Law 111-148, to be offered through MNsure.~~

(g) Under this subdivision, the board shall have the power to verify that health carriers and health plans are properly certified to be eligible for participation in MNsure.

(h) The board has the authority to decertify health carriers and health plans that fail to maintain compliance with ~~section 1311(e)(1) of the Affordable Care Act, Public Law 111-148~~ United States Code, title 42, section 18031(c)(1).

(i) For qualified health plans offered through MNsure beginning January 1, 2015, health carriers must use the most current addendum for Indian health care providers approved by the Centers for Medicare and Medicaid Services and the tribes as part of their contracts with Indian health care providers. MNsure shall comply with all future changes in federal law with regard to health coverage for the tribes.

Sec. 2. Minnesota Statutes 2016, section 62V.05, subdivision 10, is amended to read:

Subd. 10. **Limitations; risk-bearing.** (a) The board shall not bear insurance risk or enter into any agreement with health care providers to pay claims.

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(b) Nothing in this subdivision shall prevent MNsure from providing insurance for its employees.

(c) The commissioner of human services shall not bear insurance risk or enter into any agreement with providers to pay claims for any health coverage administered by the commissioner that is made available for purchase through the MNsure Web site as an alternative to purchasing a qualifying health plan through MNsure or an individual health plan offered outside of MNsure.

(d) Nothing in this subdivision shall prohibit:

(1) the commissioner of human services from administering the medical assistance program under chapter 256B and the MinnesotaCare program under chapter 256L, as long as health coverage under these programs is not purchased by the individual through the MNsure Web site; and

(2) employees of the Department of Human Services from obtaining insurance from the state employee group insurance program.

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

Sec. 3. Minnesota Statutes 2016, section 243.166, subdivision 4b, is amended to read:

Subd. 4b. **Health care facility; notice of status.** (a) For the purposes of this subdivision~~,~~:

(1) "health care facility" means a facility:

~~(1)~~ (i) licensed by the commissioner of health as a hospital, boarding care home or supervised living facility under sections 144.50 to 144.58, or a nursing home under chapter 144A;

~~(2)~~ (ii) registered by the commissioner of health as a housing with services establishment as defined in section 144D.01; or

~~(3)~~ (iii) licensed by the commissioner of human services as a residential facility under chapter 245A to provide adult foster care, adult mental health treatment, chemical dependency treatment to adults, or residential services to persons with disabilities; and

(2) "home care provider" has the meaning given in section 144A.43.

(b) Prior to admission to a health care facility or home care services from a home care provider, a person required to register under this section shall disclose to:

(1) the health care facility employee or the home care provider processing the admission the person's status as a registered predatory offender under this section; and

(2) the person's corrections agent, or if the person does not have an assigned corrections agent, the law enforcement authority with whom the person is currently required to register, that ~~inpatient~~ admission will occur.

(c) A law enforcement authority or corrections agent who receives notice under paragraph (b) or who knows that a person required to register under this section is planning to be admitted and receive, or has been admitted and is receiving health care at a health care facility or home care services from a home care provider, shall notify the administrator of the facility or the home care provider and deliver a fact sheet to the administrator or provider containing the following information: (1) name and physical description of the offender; (2) the offender's conviction history, including the dates of conviction; (3) the risk level classification assigned to the offender under section 244.052, if any; and (4) the profile of likely victims.

(d) Except for a hospital licensed under sections 144.50 to 144.58, if a health care facility receives a fact sheet under paragraph (c) that includes a risk level classification for the offender, and if the facility admits the offender, the facility shall distribute the fact sheet to all residents at the facility. If the facility

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determines that distribution to a resident is not appropriate given the resident's medical, emotional, or mental status, the facility shall distribute the fact sheet to the patient's next of kin or emergency contact.

(e) If a home care provider receives a fact sheet under paragraph (c) that includes a risk level classification for the offender, the provider shall distribute the fact sheet to any individual who will provide direct services to the offender before the individual begins to provide the service.

ARTICLE 44

HUMAN SERVICES FORECAST ADJUSTMENTS

Section 1. **HUMAN SERVICES APPROPRIATION.**

The dollar amounts shown in the columns marked "Appropriations" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2017, First Special Session chapter 6, article 18, from the general fund or any fund named to the Department of Human Services for the purposes specified in this article, to be available for the fiscal year indicated for each purpose. The figures "2018" and "2019" used in this article mean that the appropriations listed under them are available for the fiscal years ending June 30, 2018, or June 30, 2019, respectively. "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. "The biennium" is fiscal years 2018 and 2019.

	APPROPRIATIONS Available for the Year Ending June 30	
	2018	**2019**
Sec. 2. **COMMISSIONER OF HUMAN SERVICES**		
Subdivision 1. **Total Appropriation**	**$ (208,963,000)**	**$ (88,363,000)**
Appropriations by Fund		
General Fund	(210,083,000)	(103,535,000)
Health Care Access Fund	7,620,000	9,258,000
Federal TANF	(6,500,000)	5,914,000
Subd. 2. **Forecasted Programs**		
(a) **MFIP/DWP**		
Appropriations by Fund		
General Fund	(3,749,000)	(11,267,000)
Federal TANF	(7,418,000)	4,565,000
(b) **MFIP Child Care Assistance**	(7,995,000)	(521,000)

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(c) **General Assistance**	(4,850,000)	(3,770,000)
(d) **Minnesota Supplemental Aid**	(1,179,000)	(821,000)
(e) **Housing Support**	(3,260,000)	(3,038,000)
(f) **Northstar Care for Children**	(5,168,000)	(6,458,000)
(g) **MinnesotaCare**	7,620,000	9,258,000

These appropriations are from the health care access fund.

(h) **Medical Assistance**

	Appropriations by Fund	
General Fund	(199,817,000)	(106,124,000)
Health Care Access Fund	-0-	-0-

The health care access fund base for medical assistance is $358,943,000 in fiscal year 2020 and $399,929,000 in fiscal year 2021.

(i) **Alternative Care Program**	-0-	-0-
(j) **CCDTF Entitlements**	15,935,000	28,464,000
Subd. 3. **Technical Activities**	918,000	1,349,000

These appropriations are from the federal TANF fund.

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

ARTICLE 45

HEALTH AND HUMAN SERVICES APPROPRIATIONS

Section 1. **HEALTH AND HUMAN SERVICES APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2017, First Special Session chapter 6, article 18, to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2018" and "2019" used in this article mean that the addition to or subtraction from appropriations listed under them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively. Base level adjustments mean the addition or subtraction from the base level adjustments in Laws 2017, First Special Session chapter 6, article 18. "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. "The biennium" is fiscal years 2018 and 2019. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2018, are effective June 1, 2018, unless a different effective date is specified.

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	APPROPRIATIONS Available for the Year Ending June 30	
	2018	2019
Sec. 2. **COMMISSIONER OF HUMAN SERVICES**		
Subdivision 1. **Total Appropriation**	$ -0-	$ 31,401,000
The amounts that may be spent for each purpose are specified in the following subdivisions.		
Subd. 2. **Central Office; Operations**	-0-	6,549,000

(a) **Advisory Council on Rare Diseases.** $150,000 in fiscal year 2019 is for transfer to the Board of Regents of the University of Minnesota for the advisory council on rare diseases under Minnesota Statutes, section 137.68.

(b) **Study and Report on Health Insurance Rate Disparities between Geographic Rating Areas.** $251,000 in fiscal year 2019 is for transfer to the Legislative Coordinating Commission for the Office of the Legislative Auditor to study and report on disparities between geographic rating areas in individual and small group market health insurance rates. This is a onetime appropriation and a onetime transfer.

(c) **Substance Abuse Recovery Services Provided through Minnesota Recovery Corps.** $309,000 in fiscal year 2019 is for transfer to ServeMinnesota under Minnesota Statutes, section 124D.37, to provide evidenced-based substance abuse recovery services through Minnesota Recovery Corps. Funds shall be used to support training, supervision, and deployment of AmeriCorps members to serve as recovery navigators. The Minnesota Commission on National and Community Service shall include in the commission's report to the legislature under Minnesota Statutes, section 124D.385, subdivision 3, an evaluation of program data to determine the efficacy of the services in promoting sustained substance abuse recovery, including but not limited to stable housing, relationship-building, employment skills, or a year of

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AmeriCorps service. This is a onetime appropriation and a onetime transfer.

(d) **Base Level Adjustment.** The general fund base is increased by $6,993,000 in fiscal year 2020 and increased by $6,936,000 in fiscal year 2021.

Subd. 3. **Central Office; Children and Families**	-0-	84,000

Task Force on Childhood Trauma-Informed Policy and Practices. $84,000 in fiscal year 2019 is for the task force on childhood trauma-informed policy and practices. This is a onetime appropriation.

Subd. 4. **Central Office; Health Care**	-0-	1,058,000

Base Level Adjustment. The general fund base is increased by $1,574,000 in fiscal year 2020 and increased by $1,580,000 in fiscal year 2021.

Subd. 5. **Central Office; Continuing Care for Older Adults**	-0-	2,353,000

(a) **Regional Ombudsmen.** $1,283,000 in fiscal year 2019 is for nine additional regional ombudsmen and one policy lead in the Office of Ombudsman for Long-Term Care, to perform the duties in Minnesota Statutes, section 256.9742. The base for this appropriation is $1,459,000 in fiscal year 2020 and $1,459,000 in fiscal year 2021.

(b) **Base Level Adjustment.** The general fund base is increased by $2,149,000 in fiscal year 2020 and increased by $2,149,000 in fiscal year 2021.

Subd. 6. **Central Office; Community Supports**	-0-	4,072,000

Base Level Adjustment. The general fund base is increased by $4,012,000 in fiscal year 2020 and increased by $4,012,000 in fiscal year 2021.

Subd. 7. **Forecasted Programs; Medical Assistance**	-0-	27,338,000
Subd. 8. **Forecasted Programs; Alternative Care**	-0-	(28,000)
Subd. 9. **Forecasted Programs; Chemical Dependency Treatment Fund**	-0-	(12,153,000)
Subd. 10. **Grant Programs; Children's Services Grants**	-0-	365,000

American Indian Child Welfare Initiative. $365,000 in fiscal year 2019 is for planning efforts to expand the American Indian Child Welfare Initiative authorized under Minnesota Statutes, section 256.01, subdivision 14b. Of this appropriation, $240,000 is for

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a grant to the Mille Lacs Band of Ojibwe and $125,000 is for a grant to the Red Lake Nation. This is a onetime appropriation.

Subd. 11. **Grant Programs; Child and Economic Support Grants** -0- 517,000

(a) **Community Action Grants.** $200,000 in fiscal year 2019 is for community action grants under Minnesota Statutes, sections 256E.30 to 256E.32. The base for this appropriation is $150,000 in fiscal year 2020 and $150,000 in fiscal year 2021.

(b) **Mobile food shelf grants.** (1) $117,000 in fiscal year 2019 is for mobile food shelf grants under Minnesota Statutes, section 256E.34. The base for this appropriation is $115,000 in fiscal year 2020 and $115,000 in fiscal year 2021.

(c) **Project Legacy.** $200,000 in fiscal year 2019 is for a grant to Project Legacy to provide counseling and outreach to youth and young adults from families with a history of generational poverty. This appropriation must be used for mental health care, medical care, chemical dependency interventions, housing, and mentoring and counseling services for first generation college students. This is a onetime appropriation.

(d) **Base Level Adjustment.** The general fund base is increased by $265,000 in fiscal year 2020 and increased by $265,000 in fiscal year 2021.

Subd. 12. **Grant Programs; Aging and Adult Services Grants** -0- -0-

Live Well At Home Grants. Of the fiscal year 2019 general fund appropriation in Laws 2017, First Special Session chapter 6, article 18, section 2, subdivision 27: (1) $50,000 shall be used to provide a live well at home grant under Minnesota Statutes, section 256B.0917, to an organization that provides block nurse services to the elderly in the city of McGregor; and (2) $120,000 shall be used to provide a live well at home grant under Minnesota Statutes, section 256B.0917, to an organization that provides block nurse services to the elderly in the city of Grove City.

Subd. 13. **Grant Programs; Chemical Dependency Treatment Support Grants** -0- 1,246,000

(a) **Student Health Initiative to Limit Opioid Harm.** $195,000 in fiscal year 2019 is for the student health initiative to limit opioid harm. This is a onetime appropriation.

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(b) **Opioid Epidemic Response Grants.** $1,051,000 is for opioid epidemic response grants under Minnesota Statutes, section 256.043. The base for this appropriation is $1,000,000 in fiscal year 2020 and $1,000,000 in fiscal year 2021. The commissioner shall transfer $1,051,000 in fiscal year 2019 from the general fund to the opioid epidemic response account under Minnesota Statutes, section 256.043. The base for this transfer is $1,000,000 in fiscal year 2020 and $1,000,000 in fiscal year 2021.

(c) **Base Level Adjustment.** The general fund base is increased by $1,000,000 in fiscal year 2020 and increased by $1,000,000 in fiscal year 2021.

Sec. 3. **COMMISSIONER OF HEALTH**

Subdivision 1. **Total Appropriation**	**$**	**-0-**	**$** **7,069,000**

Appropriations by Fund

	2018	2019
General	-0-	7,044,000
State Government Special Revenue	-0-	25,000

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

Subd. 2. **Health Improvement**	-0-	4,554,000

(a) **Minnesota Biomedicine and Bioethics Innovation Grants.** $500,000 in fiscal year 2019 is for transfer to the Board of Regents of the University of Minnesota for Minnesota biomedicine and bioethics innovation grants under Minnesota Statutes, section 137.67.

(b) **Mental Health and Substance Use Disorder Parity Work Group.** $75,000 in fiscal year 2019 is for transfer to the commissioner of commerce for the mental health and substance use disorder parity work group. This is a onetime appropriation and a onetime transfer.

(c) **The TAP Program.** Notwithstanding Minnesota Statutes, section 16B.97, $10,000 in fiscal year 2019 is for a grant to the TAP in St. Paul to support mental health in disability communities through spoken art forms, community supports, and community engagement. This is a onetime appropriation and none of it may be used for administration.

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(d) **Opioid Overdose Reduction Pilot Program.** $1,000,000 in fiscal year 2019 is for the opioid overdose reduction pilot program. This is a onetime appropriation and is available until June 30, 2021. None of this appropriation may be used for administration.

(e) **Reduction of Statewide Health Improvement Program Appropriation.** The appropriation in Laws 2017, First Special Session chapter 6, article 18, section 3, subdivision 2, from the health care access fund for the statewide health improvement program under Minnesota Statutes, section 145.986, is reduced by $291,000 in fiscal year 2019. The base for this reduction is $1,550,000 in fiscal year 2020, and $2,955,000 in fiscal year 2021.

(f) **Statewide Tobacco Cessation Services.** $291,000 in fiscal year 2019 is appropriated from the health care access fund for statewide tobacco cessation services under Minnesota Statutes, section 144.397. The base for this appropriation is $1,550,000 in fiscal year 2020, and $2,955,000 in fiscal year 2021.

(g) **Additional Funding for Opioid Prevention Pilot Projects.** $2,000,000 in fiscal year 2019 is for opioid abuse prevention pilot projects under Laws 2017, First Special Session chapter 6, article 10, section 144. Of this amount, $1,400,000 is for the opioid abuse prevention pilot project through CHI St. Gabriel's Health Family Medical Center, also known as Unity Family Health Care. $600,000 is for Project Echo through CHI St. Gabriel's Health Family Medical Center for e-learning sessions centered around opioid case management and best practices for opioid abuse prevention. This is a onetime appropriation and none of it may be used for administration.

(h) **Suicide Prevention Grants.** $969,000 in fiscal year 2019 is for suicide prevention grants under Minnesota Statutes, section 145.56, subdivision 2, clause (7). This is a onetime appropriation.

(i) **Base Level Adjustments.** The general fund base is increased by $500,000 in fiscal year 2020 and increased by $500,000 in fiscal year 2021.

Subd. 3. **Health Protection**

	Appropriations by Fund	
General	-0-	2,490,000
State Government Special Revenue	-0-	25,000

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(a) **Regulation of Low-Dose X-Ray Security Screening Systems.** $29,000 in fiscal year 2019 is from the state government special revenue fund for rulemaking under Minnesota Statutes, section 144.121. The base for this appropriation is $21,000 in fiscal year 2020 and $21,000 in fiscal year 2021.

(b) **Assisted Living Report Card Working Group.** $27,000 in fiscal year 2019 is from the general fund for the assisted living report card working group. This is a onetime appropriation.

(c) **Assisted Living Licensure and Dementia Care Task Force.** $60,000 in fiscal year 2019 is from the general fund for the Assisted Living Licensure and Dementia Care Task Force.This is a onetime appropriation.

(d) **Safety and Quality Improvement Practices Report.** $33,000 in fiscal year 2019 is from the general fund for the safety and quality improvement practices report.

(e) **Technology Upgrades.** $1,755,000 in fiscal year 2019 is from the general fund for Web site improvements and data analytics at the Office of Health Facility Complaints. The general fund base for this appropriation is $971,000 in fiscal year 2020 and $853,000 in fiscal year 2021.

(f) **Base Level Adjustment.** The general fund base is increased by $1,420,000 in fiscal year 2020 and increased by $1,289,000 in fiscal year 2021. The state government special revenue fund base is increased by $17,000 in fiscal year 2020 and increased by $17,000 in fiscal year 2021.

Sec. 4. **HEALTH-RELATED BOARDS**

Subdivision 1. **Total Appropriation**	**$**	**-0-**	**$**	**368,000**
This appropriation is from the state government special revenue fund. The amounts that may be spent for each purpose are specified in the following subdivisions.				
Subd. 2. **Board of Dentistry**		-0-		13,000
Base Adjustments. The state government special revenue fund base is increased by $5,000 in fiscal year 2020 and increased by $5,000 in fiscal year 2021.				
Subd. 3. **Board of Nursing**		-0-		5,000
This is a onetime appropriation.				

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Subd. 4. **Board of Optometry**	-0-	5,000

This is a onetime appropriation.

Subd. 5. **Board of Pharmacy**	-0-	340,000

(a) **Prescription Monitoring Program.** $284,000 is for migration to a new information technology platform for the prescription monitoring program and $42,000 is for administration of the prescription monitoring program.

(b) **Drug Repository.** $14,000 in fiscal year 2019 is for the repository program in Minnesota Statutes, section 151.555. Notwithstanding section 10, the base for this appropriation is $12,000 in fiscal year 2020, $12,000 in fiscal year 2021, $12,000 in fiscal year 2022, and $0 in fiscal year 2023.

(c) **Base Adjustments.** The state government special revenue fund base is increased by $338,000 in fiscal year 2020 and increased by $338,000 in fiscal year 2021.

Subd. 6. **Board of Podiatric Medicine**	-0-	5,000

This is a onetime appropriation.

Sec. 5. **LEGISLATIVE COORDINATING COMMISSION.**	**$**	**-0-**	**$**	**137,000**

(a) **Health Policy Commission.** $137,000 in fiscal year 2019 is for administration of the Health Policy Commission under Minnesota Statutes, section 62J.90. The base for this appropriation is $405,000 in fiscal year 2020 and $410,000 in fiscal year 2021.

(b) **Base Level Adjustment.** The general fund base is increased by $405,000 in fiscal year 2020 and increased by $410,000 in fiscal year 2021.

Sec. 6. Laws 2017, First Special Session chapter 6, article 18, section 3, subdivision 2, is amended to read:

Subd. 2. **Health Improvement**

	Appropriations by Fund	
General	81,438,000	78,100,000
State Government Special Revenue	6,215,000	6,182,000
Health Care Access	36,643,000	36,258,000

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Federal TANF	11,713,000	11,713,000

(a) **TANF Appropriations.** (1) $3,579,000 of the TANF fund each year is for home visiting and nutritional services listed under Minnesota Statutes, section 145.882, subdivision 7, clauses (6) and (7). Funds must be distributed to community health boards according to Minnesota Statutes, section 145A.131, subdivision 1.

(2) $2,000,000 of the TANF fund each year is for decreasing racial and ethnic disparities in infant mortality rates under Minnesota Statutes, section 145.928, subdivision 7.

(3) $4,978,000 of the TANF fund each year is for the family home visiting grant program according to Minnesota Statutes, section 145A.17. $4,000,000 of the funding must be distributed to community health boards according to Minnesota Statutes, section 145A.131, subdivision 1. $978,000 of the funding must be distributed to tribal governments according to Minnesota Statutes, section 145A.14, subdivision 2a.

(4) $1,156,000 of the TANF fund each year is for family planning grants under Minnesota Statutes, section 145.925.

(5) The commissioner may use up to 6.23 percent of the funds appropriated each year to conduct the ongoing evaluations required under Minnesota Statutes, section 145A.17, subdivision 7, and training and technical assistance as required under Minnesota Statutes, section 145A.17, subdivisions 4 and 5.

(b) **TANF Carryforward.** Any unexpended balance of the TANF appropriation in the first year of the biennium does not cancel but is available for the second year.

(c) ~~**Evidence-Based**~~ **Home Visiting to Pregnant Women and Families with Young Children.** $6,000,000 in fiscal year 2018 and $6,000,000 in fiscal year 2019 are from the general fund to start up or expand ~~evidence-based~~ home visiting programs to pregnant women and families with young children. The commissioner shall award grants to community health boards, nonprofits, or tribal nations in urban and rural areas of the state. Grant funds must be used to start up or expand evidence-based or culturally or ethnically targeted home visiting programs in the county, reservation, or region to serve families, such as parents with high risk or high needs, parents with a history of mental illness, domestic abuse, or

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substance abuse, or first-time mothers prenatally until the child is four years of age, who are eligible for medical assistance under Minnesota Statutes, chapter 256B, or the federal Special Supplemental Nutrition Program for Women, Infants, and Children. For fiscal year 2019, the commissioner shall allocate at least 75 percent of the grant funds not yet awarded to evidence-based home visiting programs and up to 25 percent of the grant funds not yet awarded to other culturally or ethnically targeted home visiting programs in order to promote innovation and serve high-need families. Beginning in fiscal year 2020, the commissioner shall allocate at least 75 percent of the grant funds to evidence-based home visiting programs and up to 25 percent of the grant funds to culturally or ethnically targeted home visiting programs. Priority for grants to rural areas shall be given to community health boards, nonprofits, and tribal nations that expand services within regional partnerships that provide the ~~evidence-based~~ home visiting programs. This funding shall only be used to supplement, not to replace, funds being used for evidence-based or culturally or ethnically targeted home visiting services as of June 30, 2017. Up to seven percent of the appropriation may be used for training, technical assistance, evaluation, and other costs to administer the grants. The general fund base for this program is $16,500,000 in fiscal year 2020 and $16,500,000 in fiscal year 2021. Notwithstanding section 18, this paragraph does not expire.

(d) **Safe Harbor for Sexually Exploited Youth Services.** $250,000 in fiscal year 2018 and $250,000 in fiscal year 2019 are from the general fund for trauma-informed, culturally specific services for sexually exploited youth. Youth 24 years of age or younger are eligible for services under this paragraph.

(e) **Safe Harbor Program Technical Assistance and Evaluation.** $200,000 in fiscal year 2018 and $200,000 in fiscal year 2019 are from the general fund for training, technical assistance, protocol implementation, and evaluation activities related to the safe harbor program. Of these amounts:

(1) $90,000 each fiscal year is for providing training and technical assistance to individuals and organizations that provide safe harbor services and receive funds for that purpose from the commissioner of human services or commissioner of health;

(2) $90,000 each fiscal year is for protocol implementation, which includes providing technical assistance in establishing best practices-based systems

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for effectively identifying, interacting with, and referring sexually exploited youth to appropriate resources; and

(3) $20,000 each fiscal year is for program evaluation activities in compliance with Minnesota Statutes, section 145.4718.

(f) **Promoting Safe Harbor Capacity.** In funding services and activities under paragraphs (d) and (e), the commissioner shall emphasize activities that promote capacity-building and development of resources in greater Minnesota.

(g) **Administration of Safe Harbor Program.** $60,000 in fiscal year 2018 and $60,000 in fiscal year 2019 are for administration of the safe harbor for sexually exploited youth program.

(h) **Palliative Care Advisory Council.** $44,000 in fiscal year 2018 and $44,000 in fiscal year 2019 are from the general fund for the Palliative Care Advisory Council under Minnesota Statutes, section 144.059. This is a onetime appropriation.

(i) **Transfer; Minnesota Biomedicine and Bioethics Innovation Grants.** $2,500,000 in fiscal year 2018 is from the general fund for transfer to the Board of Regents of the University of Minnesota for Minnesota biomedicine and bioethics innovation grants under Minnesota Statutes, section 137.67. The full amount of the appropriation is for grants, and the University of Minnesota shall not use any portion for administrative or monitoring expenses. The steering committee of the University of Minnesota and Mayo Foundation partnership must submit a preliminary report by April 1, 2018, and a final report by April 1, 2019, on all grant activities funded under Minnesota Statutes, section 137.67, to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services finance. This is a onetime appropriation and is available until June 30, 2021.

(j) **Statewide Strategic Plan for Victims of Sex Trafficking.** $73,000 in fiscal year 2018 is from the general fund for the development of a comprehensive statewide strategic plan and report to address the needs of sex trafficking victims statewide. This is a onetime appropriation.

(k) **Home and Community-Based Services Employee Scholarship Program.** $500,000 in fiscal year 2018 and $500,000 in fiscal year 2019 are from the general fund for the home and community-based services

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employee scholarship program under Minnesota Statutes, section 144.1503.

(l) **Comprehensive Advanced Life Support Educational Program.** $100,000 in fiscal year 2018 and $100,000 in fiscal year 2019 are from the general fund for the comprehensive advanced life support educational program under Minnesota Statutes, section 144.6062. This is a onetime appropriation.

(m) **Opioid Abuse Prevention.** $1,028,000 in fiscal year 2018 is to establish and evaluate accountable community for health opioid abuse prevention pilot projects. $28,000 of this amount is for administration. This is a onetime appropriation and is available until June 30, 2021.

(n) **Advanced Care Planning.** $250,000 in fiscal year 2018 and $250,000 in fiscal year 2019 are from the general fund for a grant to a statewide advanced care planning resource organization that has expertise in convening and coordinating community-based strategies to encourage individuals, families, caregivers, and health care providers to begin conversations regarding end-of-life care choices that express an individual's health care values and preferences and are based on informed health care decisions. Of this amount, $9,000 each year is for administration. This is a onetime appropriation.

(o) **Health Professionals Clinical Training Expansion Grant Program.** $526,000 in fiscal year 2018 and $526,000 in fiscal year 2019 are from the general fund for the primary care and mental health professions clinical training expansion grant program under Minnesota Statutes, section 144.1505. Of this amount, $26,000 each year is for administration.

(p) **Federally Qualified Health Centers.** $500,000 in fiscal year 2018 and $500,000 in fiscal year 2019 are from the general fund to provide subsidies to federally qualified health centers under Minnesota Statutes, section 145.9269. This is a onetime appropriation.

(q) **Base Level Adjustments.** The general fund base is $87,656,000 in fiscal year 2020 and $87,706,000 in fiscal year 2021. The health care access fund base is $36,858,000 in fiscal year 2020 and $36,258,000 in fiscal year 2021.

Sec. 7. Laws 2017, First Special Session chapter 6, article 18, section 3, subdivision 3, is amended to read:

Subd. 3. **Health Protection**

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	Appropriations by Fund	
General	20,928,000	17,339,000
State Government Special Revenue	47,392,000	47,920,000

(a) **Prescribed Pediatric Extended Care Center Licensure Activities.** $64,000 in fiscal year 2018 and $17,000 in fiscal year 2019 are from the state government special revenue fund for licensure of prescribed pediatric extended care centers under Minnesota Statutes, chapter 144H.

(b) ~~**Vulnerable Adults in Health Care Settings**~~ **Electronic Case Management System.** $1,162,000 in fiscal year 2018 and $2,030,000 in fiscal year 2019 are from the general fund ~~for regulating health care and home care settings.~~ for an electronic case management system for the Office of Health Facility Complaints. Any unexpended balance must be used to purchase and operate an electronic case management system. The case management system must be able to track and cross-reference multiple maltreatment reports and complaints concerning the same alleged perpetrator, facility, or licensee; the same vulnerable adult; and the same incident. The general fund base for this purpose is $2,401,000 in fiscal year 2020 and $3,405,000 in fiscal year 2021.

(c) **Transfer; Public Health Response Contingency Account.** The commissioner shall transfer $5,000,000 in fiscal year 2018 from the general fund to the public health response contingency account established in Minnesota Statutes, section 144.4199.

(d) **Base Level Adjustment.** The general fund base is $17,710,000 in fiscal year 2020 and $18,714,000 in fiscal year 2021. The state government special revenue fund base is $47,958,000 in fiscal year 2020 and $48,295,000 in fiscal year 2021.

Sec. 8. Laws 2017, First Special Session chapter 6, article 18, section 16, subdivision 2, is amended to read:

Subd. 2. **Administration.** Subject to Minnesota Statutes, section 256.01, subdivision 17a, positions, salary money, and nonsalary administrative money may be transferred within the Departments of Health and Human Services as the commissioners consider necessary, with the advance approval of the commissioner of management and budget. The commissioner shall inform the chairs and ranking minority members of the senate Health and Human Services Finance and Policy Committee, the senate Human Services Reform Finance and Policy Committee, and the house of representatives Health and Human Services Finance Committee quarterly about transfers made under this subdivision.

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Sec. 9. **TRANSFERS.**

(a) By June 30, 2019, the commissioner of human services shall transfer $1,211,000 from the general fund to the health care access fund. Notwithstanding section 10, by June 30, 2020, the commissioner of human services shall transfer $1,211,000 from the health care access fund to the general fund. These are onetime transfers.

(b) By June 30, 2018, the commissioner of human services shall transfer:

(1) $14,000,000 from the systems operations account in the special revenue fund to the general fund. This is a onetime transfer;

(2) $2,224,000 from the systems fund long-term care options project account in the special revenue fund to the general fund. This is a onetime transfer; and

(3) $2,400,000 from the direct care and treatment special health care receipts account in the special revenue fund to the general fund. This is a onetime transfer.

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

Sec. 10. **EXPIRATION OF UNCODIFIED LANGUAGE.**

All uncodified language contained in this article expires on June 30, 2019, unless a different expiration date is specified.

Sec. 11. **EFFECTIVE DATE.**

This article is effective July 1, 2018, unless a different effective date is specified.

ARTICLE 46

STUDENT AND SCHOOL SAFETY

Section 1. **[121A.35] SCHOOL SAFETY ASSESSMENT.**

Subdivision 1. **School safety assessment.** "School safety assessment" means a fact-based process using an integrated team approach that helps schools evaluate and assess potentially threatening situations or students whose behavior may pose a threat to the safety of school staff or students.

Subd. 2. **Policy.** A school board must adopt a policy to establish safety assessment teams to conduct school safety assessments consistent with subdivision 1. A safety assessment policy must be consistent with district policies developed in accordance with section 121A.035, and with any guidance provided by the Department of Public Safety's School Safety Center. A safety assessment policy must include procedures for referrals to mental health centers or health care providers for evaluation or treatment, when appropriate. A safety assessment policy must require notice to the parent or guardian of a student whose behavior is assessed to determine whether the student poses a threat to the safety of school staff or students, unless notice to the parent or guardian is not in the minor's best interests, consistent with section 13.02, subdivision 8, and 13.32, subdivision 2.

Subd. 3. **Oversight committees.** The superintendent of a school district must establish a committee or individual charged with oversight of the safety assessment teams operating within the district, which may be an existing committee established by the school board.

Subd. 4. **Safety assessment teams.** (a) The superintendent of a school district must establish, for each school, a safety assessment team that includes, to the extent practicable, school officials with expertise in

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counseling, school administration, students with disabilities, and law enforcement. A safety assessment team may serve one or more schools, as determined by the superintendent.

(b) A safety assessment team must:

(1) provide guidance to students, faculty, and staff regarding recognition of threatening or aberrant behavior that may represent a threat to the community, school, or self, and the members of the community to whom threatening or aberrant behavior should be reported;

(2) consider whether there is sufficient information to determine whether or not a student poses a threat;

(3) implement a policy adopted by the school board under subdivision 2; and

(4) report summary data on its activities according to guidance developed by the School Safety Center.

(c) Upon a preliminary determination that a student poses a threat of violence or physical harm to self or others, a safety assessment team must immediately report its determination to the district superintendent or the superintendent's designee, who must immediately attempt to notify the student's parent or legal guardian. The safety assessment team must consider services to address the student's underlying issues, which may include counseling, social work services, character education consistent with section 120B.232, evidence-based academic and positive behavioral interventions and supports, mental health services, and referrals for special education or section 504 evaluations.

(d) Upon determining that a student exhibits suicidal ideation or self-harm, a school safety assessment team must follow the district's suicide prevention policy or protocol or refer the student to an appropriate school-linked mental health professional or other support personnel. Access to information regarding a student exhibiting suicidal ideation or self-harm is subject to section 13.32, subdivision 2.

(e) Nothing in this section precludes a school district official or employee from acting immediately to address an imminent threat.

Subd. 5. **Redisclosure.** (a) A safety assessment team member must not redisclose educational records or use any record of an individual beyond the purpose for which the disclosure was made to the safety assessment team. A school district employee who has access to information related to a safety assessment is subject to this subdivision.

(b) Nothing in this section prohibits the disclosure of educational records in health, including mental health, and safety emergencies in accordance with state and federal law.

EFFECTIVE DATE. This section is effective for the 2019-2020 school year and later.

Sec. 2. **[121A.441] EXPULSION FOR MAKING A THREAT OF VIOLENCE.**

Notwithstanding the time limitation in section 121A.41, subdivision 5, a school board may expel for a period of at least one year a pupil who makes a threat of gun violence against another person or makes a threat of violence with the intent to cause evacuation of a school site or school administration building. A school board may modify the expulsion for a pupil on a case-by-case basis.

EFFECTIVE DATE. This section is effective for the 2018-2019 school year and later.

Sec. 3. Minnesota Statutes 2016, section 123B.595, as amended by Laws 2017, First Special Session chapter 5, article 5, sections 3 and 4, is amended to read:

123B.595 LONG-TERM FACILITIES MAINTENANCE REVENUE.

Subdivision 1. **Long-term facilities maintenance revenue.** ~~(a) For fiscal year 2017 only, long-term facilities maintenance revenue equals the greater of (1) the sum of (i) $193 times the district's adjusted pupil~~

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~~units times the lesser of one or the ratio of the district's average building age to 35 years, plus the cost approved by the commissioner for indoor air quality, fire alarm and suppression, and asbestos abatement projects under section 123B.57, subdivision 6, with an estimated cost of $100,000 or more per site, plus (ii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction, or (2) the sum of (i) the amount the district would have qualified for under Minnesota Statutes 2014, section 123B.57, Minnesota Statutes 2014, section 123B.59, and Minnesota Statutes 2014, section 123B.591, and (ii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction.~~

~~(b)~~ (a) For fiscal year 2018 only, long-term facilities maintenance revenue equals the greater of (1) the sum of (i) $292 times the district's adjusted pupil units times the lesser of one or the ratio of the district's average building age to 35 years, plus (ii) the cost approved by the commissioner for indoor air quality, fire alarm and suppression, and asbestos abatement projects under section 123B.57, subdivision 6, with an estimated cost of $100,000 or more per site, plus (iii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction, or (2) the sum of (i) the amount the district would have qualified for under Minnesota Statutes 2014, section 123B.57, Minnesota Statutes 2014, section 123B.59, and Minnesota Statutes 2014, section 123B.591, and (ii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction.

~~(c)~~ (b) For fiscal year 2019 and later, long-term facilities maintenance revenue equals the greater of (1) the sum of (i) $380 times the district's adjusted pupil units times the lesser of one or the ratio of the district's average building age to 35 years, plus (ii) the cost approved by the commissioner for indoor air quality, fire alarm and suppression, and asbestos abatement projects under section 123B.57, subdivision 6, with an estimated cost of $100,000 or more per site, plus (iii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction, or (2) the sum of (i) the amount the district would have qualified for under Minnesota Statutes 2014, section 123B.57, Minnesota Statutes 2014, section 123B.59, and Minnesota Statutes 2014, section 123B.591, and (ii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction.

~~(d)~~ (c) Notwithstanding paragraphs (a)~~,~~ and (b), ~~and (c),~~ a school district that qualified for eligibility under Minnesota Statutes 2014, section 123B.59, subdivision 1, paragraph (a), for fiscal year 2010 remains eligible for funding under this section as a district that would have qualified for eligibility under Minnesota Statutes 2014, section 123B.59, subdivision 1, paragraph (a), for fiscal year 2017 and later.

Subd. 2. **Long-term facilities maintenance revenue for a charter school.** ~~(a) For fiscal year 2017 only, long-term facilities maintenance revenue for a charter school equals $34 times the adjusted pupil units.~~

~~(b)~~ (a) For fiscal year 2018 only, long-term facilities maintenance revenue for a charter school equals $85 times the adjusted pupil units.

~~(c)~~ (b) For fiscal year 2019 and later, long-term facilities maintenance revenue for a charter school equals $132 times the adjusted pupil units.

Subd. 3. **Intermediate districts and other cooperative units.** Upon approval through the adoption of a resolution by each member district school board of an intermediate district or other cooperative units under section 123A.24, subdivision 2, and the approval of the commissioner of education, a school district may include in its authority under this section a proportionate share of the long-term maintenance costs of the intermediate district or cooperative unit. The cooperative unit may issue bonds to finance the project costs or levy for the costs, using long-term maintenance revenue transferred from member districts to make debt

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service payments or pay project costs. Authority under this subdivision is in addition to the authority for individual district projects under subdivision 1.

Subd. 4. **Facilities plans.** (a) To qualify for revenue under this section, a school district or intermediate district, not including a charter school, must have a ten-year facility plan adopted by the school board and approved by the commissioner. The plan must include provisions for implementing a health and safety program that complies with health, safety, and environmental regulations and best practices, including indoor air quality management and remediation of lead hazards. The plan may include provisions for enhancing school safety through physical modifications to school facilities as described in subdivision 4a.

(b) The district must annually update the plan, submit the plan to the commissioner for approval by July 31, and indicate whether the district will issue bonds to finance the plan or levy for the costs.

(c) For school districts issuing bonds to finance the plan, the plan must include a debt service schedule demonstrating that the debt service revenue required to pay the principal and interest on the bonds each year will not exceed the projected long-term facilities revenue for that year.

Subd. 4a. **School safety facility enhancements.** For fiscal years 2020 and 2021 only, a school district may include in its facilities plan a school safety facilities plan. School safety projects may include remodeling and new construction for school security enhancements, and equipment and facility modifications related to violence prevention and facility security. Projects authorized prior to July 1, 2021, may be included in the plan until the projects are complete.

Subd. 5. **Bond authorization.** (a) A school district may issue general obligation bonds under this section to finance facilities plans approved by its board and the commissioner. Chapter 475, except sections 475.58 and 475.59, must be complied with. The authority to issue bonds under this section is in addition to any bonding authority authorized by this chapter or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding or net debt limits of this chapter, or any other law other than section 475.53, subdivision 4.

(b) At least 20 days before the earliest of solicitation of bids, the issuance of bonds, or the final certification of levies under subdivision 6, the district must publish notice of the intended projects, the amount of the bond issue, and the total amount of district indebtedness.

(c) The portion of revenue under this section for bonded debt must be recognized in the debt service fund.

Subd. 6. **Levy authorization.** A district may levy for costs related to an approved plan under subdivision 4 as follows:

(1) if the district has indicated to the commissioner that bonds will be issued, the district may levy for the principal and interest payments on outstanding bonds issued under subdivision 5 after reduction for any aid receivable under subdivision 9;

(2) if the district has indicated to the commissioner that the plan will be funded through levy, the district may levy according to the schedule approved in the plan after reduction for any aid receivable under subdivision 9; or

(3) if the debt service revenue for a district required to pay the principal and interest on bonds issued under subdivision 5 exceeds the district's long-term facilities maintenance revenue for the same fiscal year, the district's general fund levy must be reduced by the amount of the excess.

Subd. 7. **Long-term facilities maintenance equalization revenue.** ~~(a) For fiscal year 2017 only, a district's long-term facilities maintenance equalization revenue equals the lesser of (1) $193 times the adjusted pupil units or (2) the district's revenue under subdivision 1.~~

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~~(b)~~ (a) For fiscal year 2018 only, a district's long-term facilities maintenance equalization revenue equals the lesser of: (1) $292 times the adjusted pupil units; or (2) the district's revenue under subdivision 1.

~~(c)~~ (b) For fiscal year 2019 and later, a district's long-term facilities maintenance equalization revenue equals the lesser of: (1) $380 times the adjusted pupil units; or (2) the district's revenue under subdivision 1.

~~(d)~~ (c) Notwithstanding paragraphs (a) ~~to (c)~~ and (b), a district's long-term facilities maintenance equalization revenue must not be less than the lesser of the district's long-term facilities maintenance revenue or the amount of aid the district received for fiscal year 2015 under Minnesota Statutes 2014, section 123B.59, subdivision 6.

Subd. 8. **Long-term facilities maintenance equalized levy.** (a) ~~For fiscal year 2017 and later,~~ A district's long-term facilities maintenance equalized levy equals the district's long-term facilities maintenance equalization revenue minus the greater of:

(1) the lesser of the district's long-term facilities maintenance equalization revenue or the amount of aid the district received for fiscal year 2015 under Minnesota Statutes 2014, section 123B.59, subdivision 6; or

(2) the district's long-term facilities maintenance equalization revenue times the greater of (i) zero or (ii) one minus the ratio of its adjusted net tax capacity per adjusted pupil unit in the year preceding the year the levy is certified to 123 percent of the state average adjusted net tax capacity per adjusted pupil unit for all school districts in the year preceding the year the levy is certified.

(b) For purposes of this subdivision, "adjusted net tax capacity" means the value described in section 126C.01, subdivision 2, paragraph (b).

Subd. 8a. **Long-term facilities maintenance unequalized levy.** ~~For fiscal year 2017 and later,~~ A district's long-term facilities maintenance unequalized levy equals the difference between the district's revenue under subdivision 1 and the district's equalization revenue under subdivision 7.

Subd. 9. **Long-term facilities maintenance equalized aid.** ~~For fiscal year 2017 and later,~~ A district's long-term facilities maintenance equalized aid equals its long-term facilities maintenance equalization revenue minus its long-term facilities maintenance equalized levy times the ratio of the actual equalized amount levied to the permitted equalized levy.

Subd. 10. **Allowed uses for long-term facilities maintenance revenue.** (a) A district may use revenue under this section for any of the following:

(1) deferred capital expenditures and maintenance projects necessary to prevent further erosion of facilities;

(2) increasing accessibility of school facilities;

(3) health and safety capital projects under section 123B.57;

(4) school safety facility enhancements authorized under subdivision 4a; or

~~(4)~~ (5) by board resolution, to transfer money from the general fund reserve for long-term facilities maintenance to the debt redemption fund to pay the amounts needed to meet, when due, principal and interest on general obligation bonds issued under subdivision 5.

(b) A charter school may use revenue under this section for any purpose related to the school, including school safety facility enhancements.

Subd. 11. **Restrictions on long-term facilities maintenance revenue.** Notwithstanding subdivision 10, for projects other than school safety facility enhancements authorized under subdivision 4a, long-term facilities maintenance revenue may not be used:

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(1) for the construction of new facilities, remodeling of existing facilities, or the purchase of portable classrooms;

(2) to finance a lease purchase agreement, installment purchase agreement, or other deferred payments agreement;

(3) for energy-efficiency projects under section 123B.65, for a building or property or part of a building or property used for postsecondary instruction or administration, or for a purpose unrelated to elementary and secondary education; or

(4) for violence prevention and facility security, ergonomics, or emergency communication devices.

Subd. 12. **Reserve account.** The portion of long-term facilities maintenance revenue not recognized under subdivision 5, paragraph (c), must be maintained in a reserve account within the general fund.

Sec. 4. Minnesota Statutes 2016, section 123B.61, is amended to read:

123B.61 PURCHASE OF CERTAIN EQUIPMENT.

(a) The board of a district may issue general obligation certificates of indebtedness or capital notes subject to the district debt limits to:

~~(a)~~ (1) purchase vehicles, computers, telephone systems, cable equipment, photocopy and office equipment, technological equipment for instruction, public announcement systems, emergency communications devices, other equipment related to violence prevention and facility security, and other capital equipment having an expected useful life at least as long as the terms of the certificates or notes;

~~(b)~~ (2) purchase computer hardware and software, without regard to its expected useful life, whether bundled with machinery or equipment or unbundled, together with application development services and training related to the use of the computer; and

~~(c)~~ (3) prepay special assessments.

(b) The certificates or notes must be payable in not more than ten years and must be issued on the terms and in the manner determined by the board, except that certificates or notes issued to prepay special assessments must be payable in not more than 20 years. The certificates or notes may be issued by resolution and without the requirement for an election. The certificates or notes are general obligation bonds for purposes of section 126C.55.

(c) A tax levy must be made for the payment of the principal and interest on the certificates or notes, in accordance with section 475.61, as in the case of bonds. The sum of the tax levies under this section and section 123B.62 for each year must not exceed the lesser of the sum of the amount of the district's total operating capital revenue and safe schools revenue or the sum of the district's levy in the general and community service funds excluding the adjustments under this section for the year preceding the year the initial debt service levies are certified.

(d) The district's general fund levy for each year must be reduced by the sum of:

(1) the amount of the tax levies for debt service certified for each year for payment of the principal and interest on the certificates or notes issued under this section as required by section 475.61~~,~~;

(2) the amount of the tax levies for debt service certified for each year for payment of the principal and interest on bonds issued under section 123B.62~~,~~; and

(3) any excess amount in the debt redemption fund used to retire bonds, certificates, or notes issued under this section or section 123B.62 after April 1, 1997, other than amounts used to pay capitalized interest.

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(e) If the district's general fund levy is less than the amount of the reduction, the balance shall be deducted first from the district's community service fund levy, and next from the district's general fund or community service fund levies for the following year.

(f) A district using an excess amount in the debt redemption fund to retire the certificates or notes shall report the amount used for this purpose to the commissioner by July 15 of the following fiscal year. A district having an outstanding capital loan under section 126C.69 or an outstanding debt service loan under section 126C.68 must not use an excess amount in the debt redemption fund to retire the certificates or notes.

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

Sec. 5. Minnesota Statutes 2016, section 126C.44, is amended to read:

126C.44 SAFE SCHOOLS ~~LEVY~~ REVENUE.

Subdivision 1. **Safe schools revenue.** (a) A school district's total safe schools revenue equals the sum of:

(1) the greater of: (i) $30,000; or (ii) $54 per adjusted pupil unit for fiscal year 2019 or $41.50 per adjusted pupil unit for fiscal year 2020 and later;

(2) the amounts under subdivision 7; and

(3) for a district not accessing revenue under subdivision 7, the amount under subdivision 8.

(b) A charter school's safe schools revenue equals $18 times its adjusted pupil units for fiscal year 2019 and $5.50 times its adjusted pupil units for fiscal year 2020 and later. The revenue must be reserved and used only for costs associated with safe schools activities authorized under subdivision 6, paragraph (a), clauses (1) to (9), or for building lease expenses not funded by charter school building lease aid that are attributable to facility security enhancements made by the landlord after March 1, 2018.

Subd. 2. **Equalized safe schools revenue.** A school district's equalized safe schools revenue equals $36 times the district's adjusted pupil units for that year.

Subd. 3. **Safe schools equalized levy.** (a) ~~Each district may make a levy on all taxable property located within the district for the purposes specified in this section. The maximum amount which may be levied for all costs under this section shall be equal to $36 multiplied by the district's~~ For fiscal years 2020 and 2021 only, a school district's safe schools equalized levy equals the product of its equalized safe schools revenue under subdivision 2 times the lesser of one or the ratio of its adjusted net tax capacity per adjusted pupil ~~units for the school year~~ unit to 68.5 percent of the statewide adjusted net tax capacity equalizing factor.

(b) For fiscal year 2022 and later, a school district's safe schools equalized levy equals its equalized safe schools revenue.

Subd. 4. **Safe schools aid.** (a) A school district's safe schools aid equals the sum of:

(1) the greater of (i) the district's revenue under subdivision 1, paragraph (a), clause (1), minus the district's equalized safe schools revenue under subdivision 2, or (ii) $18 times its adjusted pupil units for fiscal year 2019 and $5.50 times its adjusted pupil units for fiscal year 2020 and later;

(2) its safe schools equalization aid equal to: (i) the difference between its safe schools equalized revenue minus its safe schools equalized levy; times (ii) the ratio of the actual amount levied to the permitted levy under subdivision 3;

(3) its intermediate school district aid under subdivision 7; and

(4) its cooperative unit aid under subdivision 8.

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(b) A charter school's safe schools aid equals its safe schools revenue.

(c) For fiscal year 2019 only, a district's aid under this subdivision is increased by the greater of (1) zero or (2) $30,000 minus the district's aid under paragraph (a), clause (1), minus the safe schools levy certified by the district for taxes payable in 2018.

Subd. 5. **Revenue reserved.** ~~The proceeds of the levy~~ A school district's safe schools revenue must be reserved and used for ~~directly funding~~ the ~~following~~ purposes ~~or for reimbursing the cities and counties who contract with the district for the following purposes:~~ authorized in subdivision 6.

Subd. 6. **Revenue uses.** (a) A school district must use its safe schools revenue for the following:

(1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in services in the district's schools, whether through contract or reimbursement to the city or county employing authority;

(2) to pay the costs for a drug abuse prevention program as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools;

(3) to pay the costs for a gang resistance education training curriculum in the district's schools;

(4) to pay the costs for security in the district's schools and on school property;

(5) to pay the costs for other crime prevention, drug abuse, student and staff safety, voluntary opt-in suicide prevention tools, and violence prevention measures taken by the school district;

(6) to pay costs for licensed school counselors, licensed school nurses, licensed school social workers, licensed school psychologists, and licensed alcohol and chemical dependency counselors to help provide early responses to problems;

(7) to pay for facility security enhancements including laminated glass, public announcement systems, emergency communications devices, and equipment and facility modifications related to violence prevention and facility security;

(8) to pay for costs associated with improving the school climate; ~~or~~

(9) to pay costs for colocating and collaborating with mental health professionals who are not district employees or contractors~~.~~; or

(10) by board resolution, to transfer money into the debt redemption fund to pay the amounts needed to meet, when due, principal and interest payments on obligations issued under sections 123B.61 and 123B.62 for purposes included in clause (7).

(b) For expenditures under paragraph (a), clause (1), the district must initially attempt to contract for services to be provided by peace officers or sheriffs with the police department of each city or the sheriff's department of the county within the district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries.

Subd. 7. **Intermediate school districts.** ~~(c)~~ (a) A school district that is a member of an intermediate school district may ~~include in~~ add to its levy authority under this section the costs associated with safe schools activities authorized under ~~paragraph (a)~~ subdivision 6 for intermediate school district programs. This levy authority must not exceed $15 times the adjusted pupil units of the member districts. This levy authority is in addition to any other authority authorized under this section. Revenue raised under this ~~paragraph~~ subdivision must be transferred to the intermediate school district.

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(b) For fiscal year 2019 only, a school district that is a member of an intermediate school district is eligible for additional safe schools aid equal to $6 times its adjusted pupil units for that year.

Subd. 8. **Other cooperative units.** A school district that is a member of a cooperative unit defined under section 123A.24, subdivision 2, that enrolls students other than a member of an intermediate school district, is eligible for additional safe schools aid equal to $7.50 times its adjusted pupil units for fiscal year 2019 and $3.50 times its adjusted pupil units for fiscal year 2020 and later. Revenue raised under this subdivision must be transferred to the cooperative unit.

Subd. 9. **Reporting.** A school district or charter school receiving revenue under this section must annually report safe schools expenditures to the commissioner, in the form and manner specified by the commissioner. The report must include spending by functional area and any new staff positions hired and align with the revenue uses according to subdivision 6.

EFFECTIVE DATE. This section is effective for fiscal year 2019 and later.

Sec. 6. Minnesota Statutes 2017 Supplement, section 245.4889, subdivision 1, is amended to read:

Subdivision 1. **Establishment and authority.** (a) The commissioner is authorized to make grants from available appropriations to assist:

(1) counties;

(2) Indian tribes;

(3) children's collaboratives under section 124D.23 or 245.493; or

(4) mental health service providers.

(b) The following services are eligible for grants under this section:

(1) services to children with emotional disturbances as defined in section 245.4871, subdivision 15, and their families;

(2) transition services under section 245.4875, subdivision 8, for young adults under age 21 and their families;

(3) respite care services for children with severe emotional disturbances who are at risk of out-of-home placement;

(4) children's mental health crisis services;

(5) mental health services for people from cultural and ethnic minorities;

(6) children's mental health screening and follow-up diagnostic assessment and treatment;

(7) services to promote and develop the capacity of providers to use evidence-based practices in providing children's mental health services;

(8) school-linked mental health services~~, including transportation for children receiving school-linked mental health services when school is not in session~~;

(9) building evidence-based mental health intervention capacity for children birth to age five;

(10) suicide prevention and counseling services that use text messaging statewide;

(11) mental health first aid training;

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(12) training for parents, collaborative partners, and mental health providers on the impact of adverse childhood experiences and trauma and development of an interactive Web site to share information and strategies to promote resilience and prevent trauma;

(13) transition age services to develop or expand mental health treatment and supports for adolescents and young adults 26 years of age or younger;

(14) early childhood mental health consultation;

(15) evidence-based interventions for youth at risk of developing or experiencing a first episode of psychosis, and a public awareness campaign on the signs and symptoms of psychosis;

(16) psychiatric consultation for primary care practitioners; and

(17) providers to begin operations and meet program requirements when establishing a new children's mental health program. These may be start-up grants.

(c) Services under paragraph (b) must be designed to help each child to function and remain with the child's family in the community and delivered consistent with the child's treatment plan. Transition services to eligible young adults under this paragraph must be designed to foster independent living in the community.

(d) As a condition of receiving grant funds, a grantee must obtain all available third-party reimbursement sources, if applicable.

Sec. 7. Minnesota Statutes 2016, section 245.4889, is amended by adding a subdivision to read:

Subd. 1a. **School-linked mental health services grants.** (a) An eligible applicant for school-linked mental health services grants under subdivision 1, paragraph (b), clause (8), is an entity that is:

(1) certified under Minnesota Rules, parts 9520.0750 to 9520.0870;

(2) a community mental health center under section 256B.0625, subdivision 5;

(3) an Indian health service facility or facility owned and operated by a tribe or tribal organization operating under United States Code, title 25, section 5321;

(4) a provider of children's therapeutic services and supports as defined in section 256B.0943; or

(5) enrolled in medical assistance as a mental health or substance use disorder provider agency and employs at least two full-time equivalent mental health professionals as defined in section 245.4871, subdivision 27, clauses (1) to (6), or two alcohol and drug counselors licensed or exempt from licensure under chapter 148F who are qualified to provide clinical services to children and families.

(b) Allowable grant expenses include transportation for children receiving school-linked mental health services when school is not in session, and may be used to purchase equipment, connection charges, on-site coordination, set-up fees, and site fees in order to deliver school-linked mental health services defined in subdivision 1a, via telemedicine consistent with section 256B.0625, subdivision 3b.

Sec. 8. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 34, is amended to read:

Subd. 34. **Sanneh Foundation.** (a) For a grant to the Sanneh Foundation to provide all-day, in-school, and before- and after-school academic and behavioral interventions for low-performing and chronically absent students with a focus on low-income students and students of color throughout the school year and during the summer to decrease absenteeism, encourage school engagement, and improve grades and graduation rates.

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$ 1,000,000 2018

$ 250,000 2019

(b) Funds appropriated ~~in this section~~ for fiscal year 2018 must be used to establish and provide services in schools where the Sanneh Foundation does not currently operate, and must not be used for programs operating in schools as of June 30, 2017. Funds appropriated for fiscal year 2019 may be used to provide services under paragraph (a) in any school.

(c) For the fiscal year 2019 appropriation only, up to three percent is for administering the grant. This is a onetime appropriation. Any balance in the first year does not cancel but is available in the second year.

Sec. 9. **APPROPRIATIONS.**

Subdivision 1. **Commissioner of education.** The sums indicated in this section are appropriated from the general fund to the commissioner of education for the specified purposes.

Subd. 2. **Safe schools aid.** (a) For safe schools aid under Minnesota Statutes, section 126C.44:

$ 19,919,000 2019

(b) The 2019 appropriation includes $0 for 2018 and $19,919,000 for 2019.

Subd. 3. **Children's school-linked mental health grants.** (a) For transfer to the commissioner of human services for children's school-linked mental health grants under Minnesota Statutes, section 245.4889, subdivision 1, paragraph (b), clause (8), including the delivery of school-linked mental health services by telemedicine:

$ 5,120,000 2019

(b) The commissioner's administrative expenses are $343,000 in fiscal year 2019 and $381,000 in fiscal year 2020 and later.

(c) The base for fiscal year 2020 is $5,133,000.

Subd. 4. **Physical security audit grants for public schools.** (a) For transfer to the commissioner of public safety for grants to school districts and charter schools to reimburse applicants for up to 100 percent of the cost for an audit of the physical security of public school campuses and crisis management policies adopted pursuant to Minnesota Statutes, section 121A.035, subdivision 2:

$ 1,000,000 2019

(b) The commissioner of public safety must establish specific eligibility and application criteria including a requirement that audits be conducted by consultants holding professional certification deemed acceptable by the commissioner, including but not limited to a Certified Protection Professional certification from the American Society for Industrial Security.

(c) Of this amount, up to $90,000 is for administering the grant. This is a onetime appropriation and is available until June 30, 2021.

Subd. 5. **School resource officer training grants.** (a) For grants to reimburse school districts and charter schools for up to one-half of the costs of school resource officer training:

$ 250,000 2019

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(b) The commissioner and the director of the Minnesota School Safety Center are encouraged to develop school resource officer training guidelines and provide school districts and charter schools a list of approved school resource officer training programs.

(c) A district or charter school seeking a grant under this subdivision must submit an application in the form and manner specified by the commissioner of education. Reimbursement must not exceed $500 per officer. The commissioner must prorate grant amounts if the appropriation is insufficient to fully fund the state's share of the training.

(d) A recipient school district or charter school and the local law enforcement agency must enter into an agreement to pay for the remaining training costs for school resource officer training. The school district or charter school and the law enforcement agency may seek private funds to pay for the local share of the school resource officer training costs.

(e) Of this amount, up to three percent is for administering the grant. This is a onetime appropriation and is available until June 30, 2021.

Subd. 6. **Safety assessment grants.** (a) For grants to school districts for training for members of safety assessment teams and oversight committees under Minnesota Statutes, section 121A.35:

$ 150,000 2019

(b) The commissioner and the director of the Minnesota School Safety Center are encouraged to develop safety assessment training guidelines and provide school districts a list of approved safety assessment training programs.

(c) Of this amount, up to three percent is for administering the grant. This is a onetime appropriation.

(d) The fiscal year 2019 appropriation is available until June 30, 2021. Any remaining balance is canceled to the general fund.

Subd. 7. **Suicide prevention training for teachers.** (a) For a grant to a nationally recognized organization to offer evidence-based online training for teachers on suicide prevention and engaging students experiencing mental distress:

$ 273,000 2019

(b) Of this amount, up to three percent is for administering the grant. This is a onetime appropriation and is available until June 30, 2021.

(c) The recipient of the suicide prevention training grant under this subdivision must make the training accessible to all Minnesota school districts, cooperative units defined under Minnesota Statutes, section 123A.24, subdivision 2, tribal schools, and charter schools.

Subd. 8. **Incentive grants for character development education.** (a) For incentive grants to public schools and charter schools that offer the Congressional Medal of Honor character development program:

$ 190,000 2019

(b) The commissioner must award grants to public schools and charter schools that demonstrate use of the Congressional Medal of Honor character development program. The commissioner must allocate the appropriation proportionally among the public schools and charter schools that apply, not to exceed $5,000 per school per fiscal year. If the entire appropriation is not expended in fiscal year 2019, the commissioner must award additional grants in fiscal years 2020 and 2021. The grant award may be used for any school-related purpose consistent with Minnesota Statutes, section 120B.232.

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(c) Of this amount, up to three percent is for administering the grant. This is a onetime appropriation and is available until June 30, 2021.

ARTICLE 47

GENERAL EDUCATION

Section 1. Minnesota Statutes 2017 Supplement, section 123B.41, subdivision 2, is amended to read:

Subd. 2. **Textbook.** (a) "Textbook" means any book or book substitute, including electronic books as well as other printed materials delivered electronically, which a pupil uses as a text or text substitute in a particular class or program in the school regularly attended and a copy of which is expected to be available for the individual use of each pupil in this class or program. Textbook includes an online book with an annual subscription cost. Textbook includes teacher materials that accompany materials that a pupil uses.

(b) For purposes of calculating the annual nonpublic pupil aid entitlement for textbooks, the term shall be limited to books, workbooks, or manuals, whether bound or in loose-leaf form, as well as electronic books and other printed materials delivered electronically, intended for use as a principal source of study material for a given class or a group of students.

(c) For purposes of sections 123B.40 to 123B.48, the terms "textbook" and "software or other educational technology" include only such secular, neutral, and nonideological materials as are available, used by, or of benefit to Minnesota public school pupils.

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

Sec. 2. Minnesota Statutes 2016, section 123B.41, subdivision 5, is amended to read:

Subd. 5. **Individualized instructional or cooperative learning materials.** (a) "Individualized instructional or cooperative learning materials" means educational materials which:

~~(a)~~ (1) are designed primarily for individual pupil use or use by pupils in a cooperative learning group in a particular class or program in the school the pupil regularly attends, including teacher materials that accompany materials that a pupil uses;

~~(b)~~ (2) are secular, neutral, nonideological and not capable of diversion for religious use; and

~~(c)~~ (3) are available, used by, or of benefit to Minnesota public school pupils.

(b) Subject to the requirements in paragraph (a), clauses ~~(a)~~ (1), ~~(b)~~ (2), and ~~(c)~~ (3), "individualized instructional or cooperative learning materials" include, but are not limited to, the following if they do not fall within the definition of "textbook" in subdivision 2: published materials; periodicals; documents; pamphlets; photographs; reproductions; pictorial or graphic works; prerecorded video programs; prerecorded tapes, cassettes and other sound recordings; manipulative materials; desk charts; games; study prints and pictures; desk maps; models; learning kits; blocks or cubes; flash cards; individualized multimedia systems; prepared instructional computer software programs; choral and band sheet music; electronic books and other printed materials delivered electronically; and CD-Rom.

(c) "Individualized instructional or cooperative learning materials" do not include instructional equipment, instructional hardware, or ordinary daily consumable classroom supplies.

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

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Sec. 3. Minnesota Statutes 2016, section 123B.42, subdivision 3, is amended to read:

Subd. 3. **Cost; limitation.** (a) The cost per pupil of the textbooks, individualized instructional or cooperative learning materials, software or other educational technology, and standardized tests provided for in this section for each school year must not exceed the statewide average expenditure per pupil, adjusted pursuant to ~~clause~~ paragraph (b), by the Minnesota public elementary and secondary schools for textbooks, individualized instructional materials and standardized tests as computed and established by the department by February 1 of the preceding school year from the most recent public school year data then available.

(b) The cost computed in ~~clause~~ paragraph (a) shall be increased by an inflation adjustment equal to the percent of increase in the formula allowance, pursuant to section 126C.10, subdivision 2, from the second preceding school year to the current school year. ~~Notwithstanding the amount of the formula allowance for fiscal years 2015 and 2016 in section 126C.10, subdivision 2, the commissioner shall use the amount of the formula allowance for the current year minus $414 in determining the inflation adjustment for fiscal years 2015 and 2016.~~

(c) The commissioner shall allot to the districts or intermediary service areas the total cost for each school year of providing or loaning the textbooks, individualized instructional or cooperative learning materials, software or other educational technology, and standardized tests for the pupils in each nonpublic school. The allotment shall not exceed the product of the statewide average expenditure per pupil, according to ~~clause~~ paragraph (a), adjusted pursuant to ~~clause~~ paragraph (b), multiplied by the number of nonpublic school pupils who make requests pursuant to this section and who are enrolled as of September 15 of the current school year.

Sec. 4. Minnesota Statutes 2017 Supplement, section 124D.09, subdivision 3, is amended to read:

Subd. 3. **Definitions.** For purposes of this section, the following terms have the meanings given to them.

(a) "Eligible institution" means a Minnesota public postsecondary institution, a private, nonprofit two-year trade and technical school granting associate degrees, an opportunities industrialization center accredited by ~~the North Central Association of Colleges and Schools~~ an accreditor recognized by the United States Department of Education, or a private, residential, two-year or four-year, liberal arts, degree-granting college or university located in Minnesota.

(b) "Course" means a course or program.

(c) "Concurrent enrollment" means nonsectarian courses in which an eligible pupil under subdivision 5 or 5b enrolls to earn both secondary and postsecondary credits, are taught by a secondary teacher or a postsecondary faculty member, and are offered at a high school for which the district is eligible to receive concurrent enrollment program aid under section 124D.091.

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

Sec. 5. Minnesota Statutes 2016, section 124D.09, subdivision 4, is amended to read:

Subd. 4. **Alternative pupil.** (a) "Alternative pupil" means ~~an~~ a 10th, 11th, or 12th grade student, subject to paragraph (b), who is not enrolled in a public school district~~, and includes~~. Alternative pupil includes students attending nonpublic schools and students who are home schooled. An alternative pupil is considered a pupil for purposes of this section only. An alternative pupil must register with the commissioner of education before participating in the postsecondary enrollment options program. The commissioner ~~shall~~ must prescribe the form and manner of the registration, in consultation with the Nonpublic Education Council under section 123B.445, and may request any necessary information from the alternative pupil.

(b) A 10th grade student qualifies as an alternative pupil if the student: (1) is enrolled in a career or technical education course offered by an eligible institution; and (2) received a passing score on the 8th

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grade Minnesota Comprehensive Assessment, or another reading assessment accepted by the enrolling postsecondary institution. A career or technical education course must meet the requirements under subdivision 5a. If an alternative pupil in 10th grade receives a grade of "C" or better in the career or technical education course taken under this subdivision, the postsecondary institution must allow the student to take additional postsecondary courses for credit at that institution, not to exceed the limits in subdivision 8.

EFFECTIVE DATE. This section is effective for applications submitted on or after July 1, 2018.

Sec. 6. 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, and 2019 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.

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

Sec. 7. Minnesota Statutes 2016, section 124E.20, subdivision 1, is amended to read:

Subdivision 1. **Revenue calculation.** (a) General education revenue must be paid to a charter school as though it were a district. The general education revenue for each adjusted pupil unit is the state average general education revenue per pupil unit, plus the referendum equalization aid allowance and first tier local

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optional aid allowance in the pupil's district of residence, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0466, calculated without declining enrollment revenue, local optional revenue, basic skills revenue, extended time revenue, pension adjustment revenue, transition revenue, and transportation sparsity revenue, plus declining enrollment revenue, basic skills revenue, pension adjustment revenue, and transition revenue as though the school were a school district.

(b) For a charter school operating an extended day, extended week, or summer program, the general education revenue in paragraph (a) is increased by an amount equal to 25 percent of the statewide average extended time revenue per adjusted pupil unit.

(c) Notwithstanding paragraph (a), the general education revenue for an eligible special education charter school as defined in section 124E.21, subdivision 2, equals the sum of the amount determined under paragraph (a) and the school's unreimbursed cost as defined in section 124E.21, subdivision 2, for educating students not eligible for special education services.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2020 and later.

Sec. 8. Minnesota Statutes 2016, section 126C.10, subdivision 2e, is amended to read:

Subd. 2e. **Local optional revenue.** (a) For fiscal year 2019, local optional revenue for a school district equals $424 times the adjusted pupil units of the district for that school year. For fiscal year 2020 and later, local optional revenue for a school district equals the sum of the district's first tier local optional revenue and second tier local optional revenue. A district's first tier local optional revenue equals $300 times the adjusted pupil units of the district for that school year. A district's second tier local optional revenue equals $424 times the adjusted pupil units of the district for that school year.

(b) For fiscal year 2019, a district's local optional levy equals its local optional revenue times the lesser of one or the ratio of its referendum market value per resident pupil unit to $510,000. For fiscal year 2020 and later, a district's local optional levy equals the sum of the first tier local optional levy and the second tier local optional levy. A district's first tier local optional levy equals the district's first tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to $880,000. A district's second tier local optional levy equals the district's second tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to $510,000. The local optional ~~revenue~~ levy must be spread on referendum market value. A district may levy less than the permitted amount.

(c) A district's local optional aid equals its local optional revenue ~~less~~ minus its local optional levy~~, times the ratio of the actual amount levied to the permitted levy~~. If a district's actual levy for first or second tier local optional revenue is less than its maximum levy limit for that tier, its aid must be proportionately reduced.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2020 and later.

Sec. 9. Minnesota Statutes 2016, section 126C.10, subdivision 24, is amended to read:

Subd. 24. **Equity revenue.** (a) A school district qualifies for equity revenue if:

(1) the school district's adjusted pupil unit amount of basic revenue, transition revenue, first tier local optional revenue, and referendum revenue is less than the value of the school district at or immediately above the 95th percentile of school districts in its equity region for those revenue categories; and

(2) the school district's administrative offices are not located in a city of the first class on July 1, 1999.

(b) Equity revenue ~~for a qualifying district that receives referendum revenue under section 126C.17, subdivision 4,~~ equals the product of (1) the district's adjusted pupil units for that year; times (2) the sum of (i) $14, plus (ii) $80, times the school district's equity index computed under subdivision 27.

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~~(c) Equity revenue for a qualifying district that does not receive referendum revenue under section 126C.17, subdivision 4, equals the product of the district's adjusted pupil units for that year times $14.~~

~~(d)~~ (c) A school district's equity revenue is increased by the greater of zero or an amount equal to the district's adjusted pupil units times the difference between ten percent of the statewide average amount of referendum revenue and first tier local optional revenue per adjusted pupil unit for that year and the sum of the district's referendum revenue and first tier local optional revenue per adjusted pupil unit. A school district's revenue under this paragraph must not exceed $100,000 for that year.

~~(e)~~ (d) A school district's equity revenue for a school district located in the metro equity region equals the amount computed in paragraphs (b)~~,~~ and (c)~~, and (d)~~ multiplied by 1.25.

~~(f)~~ (e) For fiscal years 2017, 2018, and 2019 for a school district not included in paragraph ~~(e)~~ (d), a district's equity revenue equals the amount computed in paragraphs (b)~~,~~ and (c)~~, and (d)~~ multiplied by 1.16. For fiscal year 2020 and later for a school district not included in paragraph ~~(e)~~ (d), a district's equity revenue equals the amount computed in paragraphs (b)~~,~~ and (c)~~, and (d)~~ multiplied by 1.25.

~~(g)~~ (f) A school district's additional equity revenue equals $50 times its adjusted pupil units.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2020 and later.

Sec. 10. Minnesota Statutes 2016, section 126C.15, subdivision 5, is amended to read:

Subd. 5. **Annual expenditure report.** (a) Each year, a district that receives basic skills revenue must submit a report to the commissioner of education identifying the expenditures it incurred to meet the needs of eligible learners under subdivision 1.

(b) The report must:

(1) conform to uniform financial and reporting standards established for this purpose~~.~~;

(2) categorize expenditures by each of the permitted uses authorized in subdivision 1, in the form and manner specified by the commissioner; and

(3) report under section 120B.11, using valid and reliable data and measurement criteria, ~~the report also must determine~~ whether increased expenditures raised student achievement levels.

EFFECTIVE DATE. This section is effective for reports issued after July 1, 2018.

Sec. 11. Minnesota Statutes 2016, section 126C.15, is amended by adding a subdivision to read:

Subd. 6. **Commissioner's report.** By February 15 of each year, the commissioner shall compile the district data submitted under subdivision 5, report the results to the legislative committees with jurisdiction over education, and file the report according to section 3.195.

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

Sec. 12. Minnesota Statutes 2016, section 126C.17, subdivision 1, is amended to read:

Subdivision 1. **Referendum allowance.** (a) A district's initial referendum allowance for fiscal year 2020 and later equals the result of the following calculations:

~~(1) multiply the referendum allowance the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 1, based on elections held before July 1, 2013, by the resident marginal cost pupil units the district would have counted for fiscal year 2015 under Minnesota Statutes 2012, section 126C.05;~~

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~~(2) add to the result of clause (1) the adjustment the district would have received under Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and (c), based on elections held before July 1, 2013;~~

~~(3) divide the result of clause (2) by the district's adjusted pupil units for fiscal year 2015;~~

~~(4) add to the result of clause (3) any additional referendum allowance per adjusted pupil unit authorized by elections held between July 1, 2013, and December 31, 2013;~~

~~(5) add to the result in clause (4) any additional referendum allowance resulting from inflation adjustments approved by the voters prior to January 1, 2014;~~

~~(6) subtract from the result of clause (5), the sum of a district's actual local optional levy and local optional aid under section 126C.10, subdivision 2e, divided by the adjusted pupil units of the district for that school year; and~~

(1) subtract $424 from the district's allowance under Minnesota Statutes 2016, section 126C.17, subdivision 1, paragraph (a), clause (5);

(2) if the result of clause (1) is less than zero, set the allowance to zero;

(3) add to the result in clause (2) any new referendum allowance authorized between July 1, 2013, and December 31, 2013, under Minnesota Statutes 2013, section 126C.17, subdivision 9a;

(4) add to the result in clause (3) any additional referendum allowance per adjusted pupil unit authorized between January 1, 2014, and June 30, 2018;

(5) subtract from the result in clause (4) any allowances expiring in fiscal year 2016, 2017, 2018, or 2019;

(6) subtract $300 from the result in clause (5); and

(7) if the result of clause (6) is less than zero, set the allowance to zero.

(b) A district's referendum allowance equals the sum of the district's initial referendum allowance calculated in paragraph (a), plus any new referendum allowance authorized ~~between July 1, 2013, and December 31, 2013, under subdivision 9a, plus any additional referendum allowance per adjusted pupil unit authorized after December 31, 2013,~~ after July 1, 2018, minus any allowances expiring in fiscal year ~~2016~~ 2020 or later, plus any inflation adjustments for fiscal year 2020 and later approved by the voters prior to July 1, 2018, provided that the allowance may not be less than zero. ~~For a district with more than one referendum allowance for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, the allowance calculated under paragraph (a), clause (3), must be divided into components such that the same percentage of the district's allowance expires at the same time as the old allowances would have expired under Minnesota Statutes 2012, section 126C.17.~~ For a district with more than one allowance for fiscal year 2015 that expires in the same year, the reduction under paragraph (a), ~~clause~~ clauses (1) and (6), ~~to offset local optional revenue~~ shall be made first from any allowances that do not have an inflation adjustment approved by the voters.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2020 and later.

Sec. 13. Minnesota Statutes 2016, section 126C.17, subdivision 2, is amended to read:

Subd. 2. **Referendum allowance limit.** (a) Notwithstanding subdivision 1, for fiscal year ~~2015~~ 2020 and later, a district's referendum allowance must not exceed ~~the annual inflationary increase as calculated under paragraph (b) times~~ the greatest of:

(1) ~~$1,845~~ the product of the annual inflationary increase as calculated under paragraph (b), and $2,012.53, minus $300;

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(2) the product of the annual inflationary increase as calculated under paragraph (b), and the sum of the referendum revenue the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 4, based on elections held before July 1, 2013, and the adjustment the district would have received under Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and (c), based on elections held before July 1, 2013, divided by the district's adjusted pupil units for fiscal year 2015, minus $300;

(3) ~~the product of the referendum allowance limit the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 2, and the resident marginal cost pupil units the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.05, subdivision 6, plus the adjustment the district would have received under Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and (c), based on elections held before July 1, 2013, divided by the district's adjusted pupil units for fiscal year 2015; minus $424~~ for a newly reorganized district created on July 1, 2019, the referendum revenue authority for each reorganizing district in the year preceding reorganization divided by its adjusted pupil units for the year preceding reorganization, minus $300; or

(4) for a newly reorganized district created after July 1, ~~2013~~ 2020, the referendum revenue authority for each reorganizing district in the year preceding reorganization divided by its adjusted pupil units for the year preceding reorganization.

(b) For purposes of this subdivision, for fiscal year ~~2016~~ 2021 and later, "inflationary increase" means one plus the percentage change in the Consumer Price Index for urban consumers, as prepared by the United States Bureau of Labor ~~Standards~~ Statistics, for the current fiscal year to fiscal year ~~2015~~ 2020. ~~For fiscal year 2016 and later, for purposes of paragraph (a), clause (3), the inflationary increase equals one-fourth of the percentage increase in the formula allowance for that year compared with the formula allowance for fiscal year 2015.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2020 and later.

Sec. 14. Minnesota Statutes 2016, section 126C.17, subdivision 5, is amended to read:

Subd. 5. **Referendum equalization revenue.** (a) A district's referendum equalization revenue equals the sum of the first tier referendum equalization revenue and the second tier referendum equalization revenue~~, and the third tier referendum equalization revenue~~.

(b) A district's first tier referendum equalization revenue equals the district's first tier referendum equalization allowance times the district's adjusted pupil units for that year.

(c) A district's first tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or ~~$300~~ $460.

(d) A district's second tier referendum equalization revenue equals the district's second tier referendum equalization allowance times the district's adjusted pupil units for that year.

(e) A district's second tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or ~~$760, minus the district's first tier referendum equalization allowance.~~

~~(f) A district's third tier referendum equalization revenue equals the district's third tier referendum equalization allowance times the district's adjusted pupil units for that year.~~

~~(g) A district's third tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or~~ 25 percent of the formula allowance, minus the sum of $300 and the district's first tier referendum equalization allowance ~~and second tier referendum equalization allowance~~.

~~(h)~~ (f) Notwithstanding paragraph ~~(g)~~ (e), the ~~third~~ second tier referendum allowance for a district qualifying for secondary sparsity revenue under section 126C.10, subdivision 7, or elementary sparsity

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revenue under section 126C.10, subdivision 8, equals the district's referendum allowance under subdivision 1 minus the ~~sum of the~~ district's first tier referendum equalization allowance ~~and second tier referendum equalization allowance~~.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2020 and later.

Sec. 15. Minnesota Statutes 2016, section 126C.17, subdivision 6, is amended to read:

Subd. 6. **Referendum equalization levy.** (a) A district's referendum equalization levy equals the sum of the first tier referendum equalization levy~~,~~ and the second tier referendum equalization levy~~, and the third tier referendum equalization levy~~.

(b) A district's first tier referendum equalization levy equals the district's first tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to ~~$880,000~~ $510,000.

(c) A district's second tier referendum equalization levy equals the district's second tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to ~~$510,000~~ $290,000.

~~(d) A district's third tier referendum equalization levy equals the district's third tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to $290,000.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2020 and later.

Sec. 16. Minnesota Statutes 2016, section 126C.17, subdivision 7, is amended to read:

Subd. 7. **Referendum equalization aid.** (a) A district's referendum equalization aid equals the difference between its referendum equalization revenue and levy.

(b) If a district's actual levy for first~~,~~ or second~~, or third~~ tier referendum equalization revenue is less than its maximum levy limit for that tier, aid shall be proportionately reduced.

(c) Notwithstanding paragraph (a), the referendum equalization aid for a district~~, where the referendum equalization aid under paragraph (a) exceeds 90 percent of the referendum revenue,~~ must not exceed: (1) the difference between 25 percent of the formula allowance and $300; times (2) the district's adjusted pupil units. A district's referendum levy is increased by the amount of any reduction in referendum aid under this paragraph.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2020 and later.

Sec. 17. Minnesota Statutes 2016, section 126C.17, subdivision 7a, is amended to read:

Subd. 7a. **Referendum tax base replacement aid.** For each school district that had a referendum allowance for fiscal year 2002 exceeding $415, for each separately authorized referendum levy, the commissioner of revenue, in consultation with the commissioner of education, shall certify the amount of the referendum levy in taxes payable year 2001 attributable to the portion of the referendum allowance exceeding $415 levied against property classified as class 2, noncommercial 4c(1), or 4c(4), under section 273.13, excluding the portion of the tax paid by the portion of class 2a property consisting of the house, garage, and surrounding one acre of land. The resulting amount must be used to reduce the district's referendum levy or first tier local optional levy amount otherwise determined, and must be paid to the district each year that the referendum or first tier local optional authority remains in effect, is renewed, or new referendum authority is approved. The aid payable under this subdivision must be subtracted from the

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district's referendum equalization aid under subdivision 7. The referendum equalization aid and the first tier local optional aid after the subtraction must not be less than zero.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2020 and later.

Sec. 18. Minnesota Statutes 2016, section 127A.45, subdivision 11, is amended to read:

Subd. 11. **Payment percentage for reimbursement aids.** One hundred percent of the aid for the previous fiscal year must be paid in the current year for the following aids: telecommunications/Internet access equity ~~and~~ aid according to section 125B.26, special education special pupil aid according to section 125A.75, subdivision 3, ~~aid for litigation costs according to section 125A.75, subdivision 9,~~ aid for court-placed special education expenses according to section 125A.79, subdivision 4, and aid for special education out-of-state tuition according to section 125A.79, subdivision 8, and shared time aid according to section 126C.01, subdivision 7.

Sec. 19. Minnesota Statutes 2016, section 127A.45, subdivision 16, is amended to read:

Subd. 16. **Payments to third parties.** Notwithstanding subdivision 3, the current year aid payment percentage of the ~~amounts~~ amount under ~~sections 123A.26, subdivision 3, and~~ section 124D.041~~,~~ shall be paid in equal installments on August 30, December 30, and March 30, with a final adjustment payment on October 30 of the next fiscal year of the remaining amount.

Sec. 20. Minnesota Statutes 2016, section 471.59, subdivision 1, is amended to read:

Subdivision 1. **Agreement.** (a) Two or more governmental units, by agreement entered into through action of their governing bodies, may jointly or cooperatively exercise any power common to the contracting parties or any similar powers, including those which are the same except for the territorial limits within which they may be exercised. The agreement may provide for the exercise of such powers by one or more of the participating governmental units on behalf of the other participating units.

(b) The term "governmental unit" as used in this section includes every city, county, town, school district, service cooperative under section 123A.21, independent nonprofit firefighting corporation, other political subdivision of this or another state, another state, federally recognized Indian tribe, the University of Minnesota, the Minnesota Historical Society, nonprofit hospitals licensed under sections 144.50 to 144.56, rehabilitation facilities and extended employment providers that are certified by the commissioner of employment and economic development, day and supported employment services licensed under chapter 245D, and any agency of the state of Minnesota or the United States, and includes any instrumentality of a governmental unit. For the purpose of this section, an instrumentality of a governmental unit means an instrumentality having independent policy-making and appropriating authority.

Sec. 21. Laws 2017, First Special Session chapter 5, article 1, section 19, subdivision 2, is amended to read:

Subd. 2. **General education aid.** For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

$	~~7,032,051,000~~ 7,078,769,000	.....	2018
$	~~7,227,809,000~~ 7,239,247,000	.....	2019

The 2018 appropriation includes $686,828,000 for 2017 and ~~$6,345,223,000~~ $6,391,941,000 for 2018.

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The 2019 appropriation includes ~~$705,024,000~~ $683,110,000 for 2018 and ~~$6,522,785,000~~ $6,556,137,000 for 2019.

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

Sec. 22. Laws 2017, First Special Session chapter 5, article 1, section 19, subdivision 5, is amended to read:

Subd. 5. **Consolidation transition aid; grant programs.** (a) For ~~districts consolidating~~ consolidation transition aid under Minnesota Statutes, section 123A.485, or the purposes in paragraphs (b) to (d):

$	~~185,000~~ 0	.....	2018
$	~~382,000~~ 270,000	.....	2019

(b) If no school district is eligible for a consolidation transition aid entitlement for fiscal year 2019, the fiscal year 2019 appropriation under paragraph (a) must be equally split between the purposes in paragraphs (c) and (d).

(c) The commissioner must award character development incentive grants to public schools and charter schools that demonstrate use of the Congressional Medal of Honor character development program. The amount available under this paragraph is in addition to amounts appropriated elsewhere for the same purpose. The commissioner must allocate the amount proportionally among the public schools and charter schools that apply, not to exceed $5,000 per school per fiscal year. If the entire amount is not expended in fiscal year 2019, the commissioner must award additional grants in fiscal years 2020 and 2021. The grant award may be used for any school-related purpose consistent with Minnesota Statutes, section 120B.232. Of the amount under this paragraph, up to three percent is for administering the grants. The amount is available until June 30, 2021.

(d) For a grant to Independent School District No. 110, Waconia, to establish a career and technical education dual credit pilot program offering courses in manufacturing and construction. The program must be established in partnership with at least one higher education partner, including Hennepin Technical College or Ridgewater College. A dual credit course offered under the pilot program must be taught by a qualified school district teacher or college faculty member. A student that completes a course offered by the career and technical education dual credit pilot program must receive both a secondary credit and postsecondary credit. A student may also receive an industry-recognized certificate, if appropriate. A dual credit course offered under the pilot program is not subject to the requirements of Minnesota Statutes, section 124D.09. A student enrolled in a dual credit course is included in the school district's average daily membership in accordance with Minnesota Statutes, section 126C.05, during the hours of participation in the course. Of the amount under this paragraph, up to three percent is for administering the grant. The fiscal year 2019 amount is available until June 30, 2021.

(e) The 2018 appropriation includes $0 for 2017 and ~~$185,000~~ $0 for 2018.

(f) The 2019 appropriation includes ~~$20,000~~ $0 for 2018 and ~~$362,000~~ $270,000 for 2019.

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

Sec. 23. **FUND TRANSFERS.**

Subdivision 1. **Minnetonka school district.** (a) Notwithstanding Minnesota Statutes, section 123B.79, 123B.80, or 124D.20, subdivision 10, on June 30, 2018, Independent School District No. 276, Minnetonka,

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may permanently transfer up to $2,400,000 from its community education reserve fund balance to its reserved for operating capital account in the general fund.

(b) The transferred funds must be used only to design, construct, furnish, and equip an early childhood classroom addition.

Subd. 2. **Ivanhoe school district.** Notwithstanding Minnesota Statutes, section 123B.79, 123B.80, or 124D.20, subdivision 10, on June 30, 2018, Independent School District No. 403, Ivanhoe, may permanently transfer up to $79,000 from its community education reserve fund balance to its undesignated general fund.

Subd. 3. **Minneapolis school district.** (a) Notwithstanding Minnesota Statutes, section 123B.79, 123B.80, or 124D.20, subdivision 10, on June 30, 2018, Special School District No. 1, Minneapolis, may permanently transfer up to $2,000,000 from its community education reserve fund balance to its undesignated general fund.

(b) The transferred funds must be used only for school support services, including mental health services.

Subd. 4. **Hopkins school district.** (a) Notwithstanding Minnesota Statutes, section 123B.79, 123B.80, or 124D.20, subdivision 10, on June 30, 2018, Independent School District No. 270, Hopkins, may permanently transfer up to $500,000 from its community education reserve fund balance to its reserved for operating capital account in the general fund.

(b) The transferred funds must be used only to design, construct, furnish, and equip an early childhood classroom addition.

Subd. 5. **Fund balance policy.** To the extent practicable, when making the fund transfers under this section, each district must abide by its school board's fund balance policy, unless the funds are transferred for an eligible use under Minnesota Statutes, section 124D.128.

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

Sec. 24. **SCHOOL REVENUE GENERATION AND SPENDING; LEGISLATIVE AUDITOR STUDY.**

(a) The legislative auditor is requested to conduct a study of how students in prekindergarten through grade 12 generate revenue and compare how that revenue is spent and reported at the school level for a sample of school districts.

(b) The study shall focus on a sample of school districts and include the following topics:

(1) the extent to which the funding generated by students is spent at the school sites those students attend;

(2) how district calculations of actual salaries for teachers and staff compare to average salaries and how those calculations may impact per pupil expenditures at the school level;

(3) how per pupil expenditures within a given school district compare across school sites, including expenditures to reduce class sizes, hire additional support staff, and support other resources;

(4) the extent to which revenue sources for a given school district vary by school site, including state and local funding and philanthropic and parent association funds;

(5) whether there is currently variation in reporting across schools in the Uniform Financial Accounting and Reporting Standards (UFARS) system; and

(6) what steps the Department of Education can take to ensure consistent and accurate UFARS reporting from schools and districts on school-level revenue and expenditures.

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(c) The legislative auditor must deliver the study findings to the chairs and ranking minority members of the legislative committees with primary jurisdiction over kindergarten through grade 12 education no later than February 1, 2019.

Sec. 25. **PUPIL TRANSPORTATION WORKING GROUP.**

Subdivision 1. **Duties.** (a) A working group on pupil transportation is created to review pupil transportation and transportation efficiencies in Minnesota, to consult with stakeholders, and to submit a written report to the legislature recommending policy and formula changes. The pupil transportation working group must examine and consider:

(1) how school districts, charter schools, intermediate school districts, special education cooperatives, education districts, and service cooperatives deliver pupil transportation services and the costs associated with each model;

(2) relevant state laws and rules;

(3) trends in pupil transportation services;

(4) strategies or programs that would be effective in funding necessary pupil transportation services; and

(5) the effect of the elimination of categorical funding for pupil transportation services.

(b) In making its recommendations, the pupil transportation working group must consider a ten-year strategic plan informed by the policy findings in paragraph (a) to help make pupil transportation funding more fair.

Subd. 2. **Members.** (a) By June 1, 2018, the executive director of the following organizations may appoint one representative of that organization to serve as a member of the working group:

(1) the Minnesota School Boards Association;

(2) the Minnesota Association of Charter Schools;

(3) Education Minnesota;

(4) the Minnesota Rural Education Association;

(5) the Association of Metropolitan School Districts;

(6) the Minnesota Association for Pupil Transportation;

(7) the Minnesota School Bus Operators Association;

(8) the Minnesota Association of School Administrators;

(9) the Minnesota Association of School Business Officials;

(10) Schools for Equity in Education;

(11) Service Employees International Union Local 284;

(12) the Minnesota Association of Secondary School Principals;

(13) the Minnesota Administrators of Special Education; and

(14) the Minnesota Transportation Alliance.

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(b) The commissioner of education must solicit applications for membership in the working group, and based on the applications received, designate by June 25, 2018, the following individuals to serve as members of the working group:

(1) a representative from an intermediate school district;

(2) a representative from a special education cooperative, education district, or service cooperative;

(3) a representative from a school district in a city of the first class;

(4) a representative from a school district in a first tier suburb; and

(5) a representative from a rural school district.

Subd. 3. **Meetings.** The commissioner of education, or the commissioner's designee, must convene the first meeting of the working group no later than July 15, 2018. The working group must select a chair or cochairs from among its members at the first meeting. The working group must meet periodically. Meetings of the working group must be open to the public.

Subd. 4. **Compensation.** Working group members are not eligible to receive expenses or per diem payments for serving on the working group.

Subd. 5. **Administrative support.** The commissioner of education must provide technical and administrative assistance to the working group upon request.

Subd. 6. **Report.** (a) By January 15, 2019, the working group must submit a report providing its findings and recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over kindergarten through grade 12 education.

(b) The legislature convening in January 2019 is encouraged to convene a legislative study group to review the recommendations and ten-year strategic plan to develop its own recommendations for legislative changes, as necessary.

Subd. 7. **Expiration.** The working group expires on January 16, 2019, unless extended by law.

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

Sec. 26. **APPROPRIATIONS.**

Subdivision 1. **Commissioner of education.** The sums indicated in this section are appropriated from the general fund to the commissioner of education in the fiscal years designated.

Subd. 2. **St. Cloud English language learner summer program.** (a) For a grant to Independent School District No. 742, St. Cloud, for a summer language academy providing targeted services and extended year programming for English language learners:

$ 300,000 2019

(b) A program funded under this subdivision must:

(1) provide a research-based language summer instructional program to help English learners, as defined in Minnesota Statutes, section 124D.59, subdivision 2, acquire English and achieve academic excellence;

(2) be consistent with English language development standards under Minnesota Rules, parts 3501.1200 and 3501.1210; and

(3) provide instruction by a highly qualified teacher of English as a second language.

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(c) Independent School District No. 742, St. Cloud, must report to the education committees of the legislature by January 15, 2021, on the program's design, student participation levels, and any measurable outcomes of the program.

(d) This is a onetime appropriation and is available until June 30, 2021.

Subd. 3. **School bus safety campaign.** (a) For transfer to the commissioner of public safety for an education and awareness campaign on passing school buses:

$	41,000	.....	2019

(b) This is a onetime appropriation.

(c) The campaign must be designed to: (1) help reduce occurrences of motor vehicles unlawfully passing school buses; and (2) inform drivers about the safety of pupils boarding and unloading from school buses, including (i) laws requiring a motor vehicle to stop when a school bus has extended the stop-signal arm and is flashing red lights, and (ii) penalties for violations. When developing the campaign, the commissioner must identify best practices, review effective communication methods to educate drivers, and consider multiple forms of media to convey the information.

Sec. 27. **APPROPRIATION; SCHOOL REVENUE GENERATION AND SPENDING; LEGISLATIVE AUDITOR STUDY.**

$200,000 in fiscal year 2019 is appropriated from the general fund to the Office of the Legislative Auditor for the legislative auditor to study and report on school revenue generation and spending outlined in section 24. This is a onetime appropriation.

Sec. 28. **REPEALER.**

(a) Minnesota Statutes 2016, sections 123A.26, subdivision 3; and 125A.75, subdivision 9, are repealed.

(b) Minnesota Statutes 2016, section 126C.16, subdivisions 1 and 3, are repealed.

(c) Minnesota Statutes 2016, section 126C.17, subdivision 9a, is repealed.

EFFECTIVE DATE. Paragraphs (a) and (b) are effective July 1, 2018. Paragraph (c) is effective for revenue for fiscal year 2020 and later.

ARTICLE 48

EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 2016, section 120A.22, subdivision 7, is amended to read:

Subd. 7. **Education records.** (a) A district, a charter school, or a nonpublic school that receives services or aid under sections 123B.40 to 123B.48 from which a student is transferring must transmit the student's educational records, within ten business days of a request, to the district, the charter school, or the nonpublic school in which the student is enrolling. Districts, charter schools, and nonpublic schools that receive services or aid under sections 123B.40 to 123B.48 must make reasonable efforts to determine the district, the charter school, or the nonpublic school in which a transferring student is next enrolling in order to comply with this subdivision.

(b) A closed charter school must transfer the student's educational records, within ten business days of the school's closure, to the student's school district of residence where the records must be retained unless the records are otherwise transferred under this subdivision.

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(c) A school district, a charter school, or a nonpublic school that receives services or aid under sections 123B.40 to 123B.48 that transmits a student's educational records to another school district or other educational entity, charter school, or nonpublic school to which the student is transferring must include in the transmitted records information about any formal suspension, expulsion, and exclusion disciplinary action or pupil withdrawal under sections 121A.40 to 121A.56. The transmitted records must include services a pupil needs. The district, the charter school, or the nonpublic school that receives services or aid under sections 123B.40 to 123B.48 must provide notice to a student and the student's parent or guardian that formal disciplinary records will be transferred as part of the student's educational record, in accordance with data practices under chapter 13 and the Family Educational Rights and Privacy Act of 1974, United States Code, title 20, section 1232(g).

(d) Notwithstanding section 138.17, a principal or chief administrative officer must remove from a student's educational record and destroy a probable cause notice received under section 260B.171, subdivision 5, or paragraph (e), if one year has elapsed since the date of the notice and the principal or chief administrative officer has not received a disposition or court order related to the offense described in the notice. This paragraph does not apply if the student no longer attends the school when this one-year period expires.

(e) A principal or chief administrative officer who receives a probable cause notice under section 260B.171, subdivision 5, or a disposition or court order, must include a copy of that data in the student's educational records if they are transmitted to another school, unless the data are required to be destroyed under paragraph (d) or section 121A.75.

EFFECTIVE DATE. This section is effective for the 2018-2019 school year and later.

Sec. 2. Minnesota Statutes 2016, section 120A.22, subdivision 12, is amended to read:

Subd. 12. **Legitimate exemptions.** (a) A parent, guardian, or other person having control of a child may apply to a school district to have the child excused from attendance for the whole or any part of the time school is in session during any school year. Application may be made to any member of the board, a truant officer, a principal, or the superintendent. The school district may state in its school attendance policy that it may ask the student's parent or legal guardian to verify in writing the reason for the child's absence from school. A note from a physician or a licensed mental health professional stating that the child cannot attend school is a valid excuse. The board of the district in which the child resides may approve the application upon the following being demonstrated to the satisfaction of that board:

(1) that the child's physical or mental health is such as to prevent attendance at school or application to study for the period required, which includes:

(i) child illness, medical, dental, orthodontic, or counseling appointments;

(ii) family emergencies;

(iii) the death or serious illness or funeral of an immediate family member;

(iv) active duty in any military branch of the United States;

(v) the child has a condition that requires ongoing treatment for a mental health diagnosis; or

(vi) other exemptions included in the district's school attendance policy;

(2) that the child is participating in any activity necessary for the child to join any branch of the United States armed forces and may be excused for up to three days for such purpose;

~~(2)~~ (3) that the child has already completed state and district standards required for graduation from high school; or

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~~(3)~~ (4) that it is the wish of the parent, guardian, or other person having control of the child, that the child attend for a period or periods not exceeding in the aggregate three hours in any week, a school for religious instruction conducted and maintained by some church, or association of churches, or any Sunday school association incorporated under the laws of this state, or any auxiliary thereof. This school for religious instruction must be conducted and maintained in a place other than a public school building, and it must not, in whole or in part, be conducted and maintained at public expense. However, a child may be absent from school on such days as the child attends upon instruction according to the ordinances of some church.

(b) Notwithstanding subdivision 6, paragraph (a), a parent may withdraw a child from an all-day, every day kindergarten program and put their child in a half-day program, if offered, or an alternate-day program without being truant. A school board must excuse a kindergarten child from a part of a school day at the request of the child's parent.

EFFECTIVE DATE. This section is effective for the 2018-2019 school year and later.

Sec. 3. Minnesota Statutes 2017 Supplement, section 120B.021, subdivision 1, is amended to read:

Subdivision 1. **Required academic standards.** (a) The following subject areas are required for statewide accountability:

(1) language arts;

(2) mathematics;

(3) science;

(4) social studies, including history, geography, economics, and government and citizenship that includes civics consistent with section 120B.02, subdivision 3;

(5) physical education;

(6) health, for which locally developed academic standards apply; and

(7) the arts, for which statewide or locally developed academic standards apply, as determined by the school district. Public elementary and middle schools must offer at least three and require at least two of the following four arts areas: dance; music; theater; and visual arts. Public high schools must offer at least three and require at least one of the following five arts areas: media arts; dance; music; theater; and visual arts.

(b) For purposes of applicable federal law, the academic standards for language arts, mathematics, and science apply to all public school students, except the very few students with extreme cognitive or physical impairments for whom an individualized education program team has determined that the required academic standards are inappropriate. An individualized education program team that makes this determination must establish alternative standards.

(c) The department must adopt the most recent SHAPE America (Society of Health and Physical Educators) kindergarten through grade 12 standards and benchmarks for physical education as the required physical education academic standards. The department may modify and adapt the national standards to accommodate state interest. The modification and adaptations must maintain the purpose and integrity of the national standards. The department must make available sample assessments, which school districts may use as an alternative to local assessments, to assess students' mastery of the physical education standards beginning in the 2018-2019 school year.

(d) A school district may include child sexual abuse and sexual exploitation prevention instruction in a health curriculum, consistent with paragraph (a), clause (6). Child sexual abuse and sexual exploitation prevention instruction may include age-appropriate instruction on recognizing sexual abuse ~~and~~, assault, and sexual exploitation; boundary violations~~,~~; and ways offenders identify, groom, or desensitize victims, as well as strategies to promote disclosure, reduce self-blame, and mobilize bystanders. A school district

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may consult with other federal, state, or local agencies and community-based organizations to identify research-based tools, curricula, and programs to prevent child sexual abuse and sexual exploitation. A school district may provide instruction under this paragraph in a variety of ways, including at an annual assembly or classroom presentation. A school district may also provide parents information on the warning signs of child sexual abuse and sexual exploitation and available resources. Child sexual exploitation prevention instruction must be consistent with the definition of sexually exploited youth under section 260C.007, subdivision 31.

(e) A school district may include instruction in a health curriculum for students beginning in grade 5 on substance misuse prevention, including opioids, controlled substances as defined in section 152.01, subdivision 4, prescription and nonprescription medications, and illegal drugs. A school district is not required to use a specific methodology or curriculum.

~~(e)~~ (f) District efforts to develop, implement, or improve instruction or curriculum as a result of the provisions of this section must be consistent with sections 120B.10, 120B.11, and 120B.20.

Sec. 4. Minnesota Statutes 2016, section 120B.024, subdivision 1, is amended to read:

Subdivision 1. **Graduation requirements.** Students ~~beginning 9th grade in the 2011-2012 school year and later~~ must successfully complete the following high school level credits for graduation:

(1) four credits of language arts sufficient to satisfy all of the academic standards in English language arts;

(2) three credits of mathematics, including an algebra II credit or its equivalent, sufficient to satisfy all of the academic standards in mathematics;

(3) an algebra I credit by the end of 8th grade sufficient to satisfy all of the 8th grade standards in mathematics;

(4) three credits of science, including at least one credit of biology, one credit of chemistry or physics, and one elective credit of science. The combination of credits under this clause must be sufficient to satisfy (i) all of the academic standards in either chemistry or physics and (ii) all other academic standards in science;

(5) three and one-half credits of social studies, including credit for a specific course in government and citizenship in either 11th or 12th grade for students beginning 9th grade in the 2020-2021 school year and later, and a combination of other credits encompassing at least United States history, geography, government and citizenship, world history, and economics sufficient to satisfy all of the academic standards in social studies;

(6) one credit of the arts sufficient to satisfy all of the state or local academic standards in the arts; and

(7) a minimum of seven elective credits.

Sec. 5. Minnesota Statutes 2016, section 120B.11, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of this section and section 120B.10, the following terms have the meanings given them.

(a) "Instruction" means methods of providing learning experiences that enable a student to meet state and district academic standards and graduation requirements including applied and experiential learning.

(b) "Curriculum" means district or school adopted programs and written plans for providing students with learning experiences that lead to expected knowledge and skills and career and college readiness.

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(c) "World's best workforce" means striving to: meet school readiness goals; have all third grade students achieve grade-level literacy; close the academic achievement gap among all racial and ethnic groups of students and between students living in poverty and students not living in poverty; have all students attain career and college readiness before graduating from high school; and have all students graduate from high school.

(d) "Experiential learning" means learning for students that includes career exploration through a specific class or course or through work-based experiences such as job shadowing, mentoring, entrepreneurship, service learning, volunteering, internships, other cooperative work experience, youth apprenticeship, or employment.

(e) "State plan" means the plan submitted by the commissioner in accordance with the Elementary and Secondary Education Act, as most recently authorized, and approved by the United States Department of Education, including state goals.

(f) "Ineffective teacher" means a teacher whose most recent summative teacher evaluation resulted in placing or otherwise keeping the teacher on an improvement process pursuant to section 122A.40, subdivision 8, or 122A.41, subdivision 5.

(g) "Inexperienced teacher" means a licensed teacher who has been employed as a teacher for three years or less.

(h) "Out-of-field teacher" means a licensed teacher who is providing instruction in an area in which the teacher is not licensed.

Sec. 6. Minnesota Statutes 2016, section 120B.11, subdivision 1a, is amended to read:

Subd. 1a. **Performance measures.** Measures to determine school district and school site progress in striving to create the world's best workforce must include at least:

(1) the size of the academic achievement gap~~,~~ as measured on the Minnesota Comprehensive Assessments;

(2) rigorous course taking under section 120B.35, subdivision 3, paragraph (c), clause (2), and enrichment experiences by student ~~subgroup~~ group;

~~(2)~~ (3) student performance on the Minnesota Comprehensive Assessments in reading and mathematics;

~~(3)~~ (4) high school graduation rates; ~~and~~

~~(4)~~ (5) career and college readiness under section 120B.30, subdivision 1~~.~~, paragraph (p), as measured by student performance on the high school Minnesota Comprehensive Assessments in reading and mathematics, and successful completion of rigorous coursework that is part of a well-rounded education, including advanced placement, international baccalaureate, or concurrent enrollment coursework, or attainment of a certificate or industry-recognized credential; and

(6) performance measures consistent with the state plan not otherwise required by this subdivision.

Sec. 7. Minnesota Statutes 2016, section 120B.11, subdivision 2, is amended to read:

Subd. 2. **Adopting plans and budgets.** A school board, at a public meeting, ~~shall~~ must adopt a comprehensive, long-term strategic plan to support and improve teaching and learning that is aligned with creating the world's best workforce and includes:

(1) clearly defined district and school site ~~goals and~~ benchmarks ~~for~~ toward meeting statewide goals for instruction and student achievement for all student subgroups identified in section 120B.35, subdivision 3, paragraph (b), clause (2);

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(2) a process to assess and evaluate each student's progress toward meeting state and local academic standards, assess and identify students to participate in gifted and talented programs and accelerate their instruction, ~~and~~ adopt early-admission procedures consistent with section 120B.15, and identifying the strengths and weaknesses of instruction in pursuit of student and school success and curriculum affecting students' progress and growth toward career and college readiness and leading to the world's best workforce;

(3) a system to periodically review and evaluate the effectiveness of all instruction and curriculum, taking into account strategies and best practices, student outcomes, school principal evaluations under section 123B.147, subdivision 3, students' access to effective teachers who are members of populations underrepresented among the licensed teachers in the district or school and who reflect the diversity of enrolled students under section 120B.35, subdivision 3, paragraph (b), clause (2), and teacher evaluations under section 122A.40, subdivision 8, or 122A.41, subdivision 5;

(4) strategies for improving instruction, curriculum, and student achievement, including the English and, where practicable, the native language development and the academic achievement of English learners;

(5) a process to examine the equitable distribution of teachers and strategies to ensure low-income and minority children are not taught at higher rates than other children by inexperienced, ineffective, or out-of-field teachers;

(6) education effectiveness practices that integrate high-quality instruction, rigorous curriculum, technology, and a collaborative professional culture that develops and supports teacher quality, performance, and effectiveness; and

(7) an annual budget for continuing to implement the district plan.

Sec. 8. Minnesota Statutes 2016, section 120B.11, subdivision 5, is amended to read:

Subd. 5. **Report.** ~~Consistent with requirements for school performance reports under section 120B.36, subdivision 1, the school board shall publish a report in the local newspaper with the largest circulation in the district, by mail, or by electronic means on the district Web site.~~ (a) The school board ~~shall~~ must hold an annual public meeting to review, and revise where appropriate, student achievement goals, local assessment outcomes, plans, strategies, and practices for improving curriculum ~~and~~, instruction, and cultural competency, and efforts to equitably distribute diverse, effective, experienced, and in-field teachers, and to review district success in realizing the previously adopted student achievement goals and related benchmarks and the improvement plans leading to the world's best workforce. The school board must transmit an electronic summary of its report to the commissioner in the form and manner the commissioner determines.

(b) The commissioner must annually include in the school performance reports required under section 120B.36, subdivision 1, student performance at each school district and school site using the performance measures in subdivision 1a and other information required under this subdivision. The school board must post a copy of the school performance report for the district and each school site on the district's Web site, or provide a link to the district and school site performance reports on the Department of Education's Web site.

Sec. 9. Minnesota Statutes 2016, section 120B.11, subdivision 9, is amended to read:

Subd. 9. **Annual evaluation.** (a) The commissioner must identify effective strategies, practices, and use of resources by districts and school sites in striving for the world's best workforce. The commissioner must assist districts and sites throughout the state in implementing these effective strategies, practices, and use of resources.

(b) The commissioner must use the performance measures in the accountability system of the state plan, including academic achievement in math and reading, graduation rates, and a school quality indicator, to identify ~~those~~ districts ~~in any consecutive three-year period~~ and school sites not making sufficient progress

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in any consecutive three-year period toward ~~improving teaching and learning for all students, including English learners with varied needs, consistent with section 124D.59, subdivisions 2 and 2a, and striving for the world's best workforce.~~ meeting state goals. The commissioner must implement evaluation timelines and measures consistent with the state plan. The commissioner may identify districts or school sites that do not provide information required for evaluation as failing to make sufficient progress toward meeting state goals. The commissioner may evaluate, designate, and report on school districts and charter schools separately, consistent with the evaluation process under the state plan.

(c) The commissioner, in collaboration with the identified district, may require the district to use up to two percent of its basic general education revenue per fiscal year during the proximate three school years to implement ~~commissioner-specified~~ evidence-based strategies and best practices, consistent with paragraph (a), to improve and accelerate its progress in realizing its goals under this section. In implementing this section, the commissioner must consider districts' budget constraints and legal obligations.

~~(c)~~ (d) The commissioner ~~shall~~ must report by January 25 of each year to the committees of the legislature having jurisdiction over kindergarten through grade 12 education the list of school districts that have not submitted their report to the commissioner under subdivision 5 and the list of school districts ~~not achieving their performance goals established in their plan under subdivision 2~~ identified as not making sufficient progress toward meeting world's best workforce goals under paragraph (b).

Sec. 10. Minnesota Statutes 2016, section 120B.12, as amended by Laws 2017, First Special Session chapter 5, article 2, sections 5, 6, and 7, is amended to read:

120B.12 READING PROFICIENTLY NO LATER THAN THE END OF GRADE 3.

Subdivision 1. **Literacy goal.** The legislature seeks to have every child reading at or above grade level no later than the end of grade 3, including English learners, and that teachers provide comprehensive, scientifically based reading instruction consistent with section 122A.06, subdivision 4.

Subd. 2. **Identification; report.** (a) Each school district ~~shall~~ must 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~~ must identify students in grade 3 or higher who demonstrate a reading difficulty to a classroom teacher.

(b) 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.

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

Subd. 2a. **Parent notification and involvement.** Schools, at least annually, must give the parent of each student who is not reading at or above grade level timely information about:

(1) the student's reading proficiency as measured by a locally adopted assessment;

(2) reading-related services currently being provided to the student and the student's progress; and

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(3) strategies for parents to use at home in helping their student succeed in becoming grade-level proficient in reading in English and in their native language.

A district may not use this section to deny a student's right to a special education evaluation.

Subd. 3. **Intervention.** (a) For each student identified under subdivision 2, the district ~~shall~~ must provide reading intervention to accelerate student growth and reach the goal of reading at or above grade level by the end of the current grade and school year. If a student does not read at or above grade level by the end of grade 3, the district must continue to provide reading intervention until the student reads at grade level. District intervention methods shall encourage family engagement and, where possible, collaboration with appropriate school and community programs. Intervention methods may include, but are not limited to, requiring attendance in summer school, intensified reading instruction that may require that the student be removed from the regular classroom for part of the school day, extended-day programs, or programs that strengthen students' cultural connections.

(b) A school district or charter school is strongly encouraged to provide a personal learning plan for a student who is unable to demonstrate grade-level proficiency, as measured by the statewide reading assessment in grade 3. The district or charter school must determine the format of the personal learning plan in collaboration with the student's educators and other appropriate professionals. The school must develop the learning plan in consultation with the student's parent or guardian. The personal learning plan must address knowledge gaps and skill deficiencies through strategies such as specific exercises and practices during and outside of the regular school day, periodic assessments, and reasonable timelines. The personal learning plan may include grade retention, if it is in the student's best interest. A school must maintain and regularly update and modify the personal learning plan until the student reads at grade level. This paragraph does not apply to a student under an individualized education program.

Subd. 4. **Staff development.** (a) Each district ~~shall~~ must use the data under subdivision 2 to identify the staff development needs so that:

(1) elementary teachers are able to implement comprehensive, scientifically based reading and oral language instruction in the five reading areas of phonemic awareness, phonics, fluency, vocabulary, and comprehension as defined in section 122A.06, subdivision 4, and other literacy-related areas including writing until the student achieves grade-level reading proficiency;

(2) elementary teachers have sufficient training to provide comprehensive, scientifically based reading and oral language instruction that meets students' developmental, linguistic, and literacy needs using the intervention methods or programs selected by the district for the identified students;

(3) licensed teachers employed by the district have regular opportunities to improve reading and writing instruction, including screenings, intervention strategies, and accommodations for students showing characteristics associated with dyslexia;

(4) licensed teachers recognize students' diverse needs in cross-cultural settings and are able to serve the oral language and linguistic needs of students who are English learners by maximizing strengths in their native languages in order to cultivate students' English language development, including oral academic language development, and build academic literacy; and

(5) licensed teachers are well trained in culturally responsive pedagogy that enables students to master content, develop skills to access content, and build relationships.

(b) A school district may use its literacy incentive aid under section 124D.98 for the staff development purposes of this subdivision.

Subd. 4a. **Local literacy plan.** (a) Consistent with this section, a school district must adopt a local literacy plan to have every child reading at or above grade level no later than the end of grade 3, including English learners. The plan must be consistent with section 122A.06, subdivision 4, and include the following:

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(1) a process to assess students' level of reading proficiency and data to support the effectiveness of an assessment used to screen and identify a student's level of reading proficiency;

(2) a process to notify and involve parents;

(3) a description of how schools in the district will determine the proper reading intervention strategy for a student and the process for intensifying or modifying the reading strategy in order to obtain measurable reading progress;

(4) evidence-based intervention methods for students who are not reading at or above grade level and progress monitoring to provide information on the effectiveness of the intervention; and

(5) identification of staff development needs, including a program to meet those needs.

(b) The district must post its literacy plan on the official school district Web site.

Subd. 5. **Commissioner.** The commissioner ~~shall~~ must recommend to districts multiple assessment tools to assist districts and teachers with identifying students under subdivision 2. The commissioner ~~shall~~ must also make available examples of nationally recognized and research-based instructional methods or programs to districts to provide comprehensive, scientifically based reading instruction and intervention under this section.

EFFECTIVE DATE. Subdivision 2 is effective July 1, 2019. Subdivisions 3 to 5 are effective for revenue for fiscal year 2019 and later.

Sec. 11. Minnesota Statutes 2017 Supplement, section 120B.122, subdivision 1, is amended to read:

Subdivision 1. ~~**Purpose**~~ **Duties.** (a) The department must employ a dyslexia specialist to provide technical assistance for dyslexia and related disorders and to serve as the primary source of information and support for schools in addressing the needs of students with dyslexia and related disorders.

(b) The dyslexia specialist ~~shall also~~ must act to increase professional awareness and instructional competencies to meet the educational needs of students with dyslexia or identified with risk characteristics associated with dyslexia and ~~shall~~ must develop implementation guidance and make recommendations to the commissioner consistent with section 122A.06, subdivision 4, to be used to assist general education teachers and special education teachers to recognize educational needs and to improve literacy outcomes for students with dyslexia or identified with risk characteristics associated with dyslexia, including recommendations related to increasing the availability of online and asynchronous professional development programs and materials.

(c) The dyslexia specialist must provide guidance to school districts and charter schools on how to:

(1) access tools to screen and identify students showing characteristics associated with dyslexia in accordance with section 120B.12, subdivision 2, paragraph (a);

(2) implement screening for characteristics associated with dyslexia in accordance with section 120B.12, subdivision 2, paragraph (a), and in coordination with other early childhood screenings; and

(3) participate in professional development opportunities on intervention strategies and accommodations for students with dyslexia or characteristics associated with dyslexia.

(d) The dyslexia specialist must provide guidance to the Professional Educator Licensing and Standards Board on developing licensing renewal requirements under section 122A.187, subdivision 5, on understanding dyslexia, recognizing dyslexia characteristics in students, and using evidence-based dyslexia best practices.

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Sec. 12. Minnesota Statutes 2017 Supplement, section 120B.125, is amended to read:

120B.125 PLANNING FOR STUDENTS' SUCCESSFUL TRANSITION TO POSTSECONDARY EDUCATION AND EMPLOYMENT; PERSONAL LEARNING PLANS.

(a) Consistent with sections 120B.13, 120B.131, 120B.132, 120B.14, 120B.15, 120B.30, subdivision 1, paragraph (c), 125A.08, and other related sections, school districts, beginning in the 2013-2014 school year, must assist all students by no later than grade 9 to explore their educational, college, and career interests, aptitudes, and aspirations and develop a plan for a smooth and successful transition to postsecondary education or employment. All students' plans must:

(1) provide a comprehensive plan to prepare for and complete a career and college ready curriculum by meeting state and local academic standards and developing career and employment-related skills such as team work, collaboration, creativity, communication, critical thinking, and good work habits;

(2) emphasize academic rigor and high expectations and inform the student, and the student's parent or guardian if the student is a minor, of the student's achievement level score on the Minnesota Comprehensive Assessments that are administered during high school;

(3) help students identify interests, aptitudes, aspirations, and personal learning styles that may affect their career and college ready goals and postsecondary education and employment choices;

(4) set appropriate career and college ready goals with timelines that identify effective means for achieving those goals;

(5) help students access education and career options, including armed forces career options;

(6) integrate strong academic content into career-focused courses and applied and experiential learning opportunities and integrate relevant career-focused courses and applied and experiential learning opportunities into strong academic content;

(7) help identify and access appropriate counseling and other supports and assistance that enable students to complete required coursework, prepare for postsecondary education and careers, and obtain information about postsecondary education costs and eligibility for financial aid and scholarship;

(8) help identify collaborative partnerships among prekindergarten through grade 12 schools, postsecondary institutions, economic development agencies, and local and regional employers that support students' transition to postsecondary education and employment and provide students with applied and experiential learning opportunities; and

(9) be reviewed and revised at least annually by the student, the student's parent or guardian, and the school or district to ensure that the student's course-taking schedule keeps the student making adequate progress to meet state and local academic standards and high school graduation requirements and with a reasonable chance to succeed with employment or postsecondary education without the need to first complete remedial course work.

(b) A school district may develop grade-level curricula or provide instruction that introduces students to various careers, but must not require any curriculum, instruction, or employment-related activity that obligates an elementary or secondary student to involuntarily select or pursue a career, career interest, employment goals, or related job training.

(c) Educators must possess the knowledge and skills to effectively teach all English learners in their classrooms. School districts must provide appropriate curriculum, targeted materials, professional development opportunities for educators, and sufficient resources to enable English learners to become career and college ready.

(d) When assisting students in developing a plan for a smooth and successful transition to postsecondary education and employment, districts must recognize the unique possibilities of each student and ensure that

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the contents of each student's plan reflect the student's unique talents, skills, and abilities as the student grows, develops, and learns.

(e) If a student with a disability has an individualized education program (IEP) or standardized written plan that meets the plan components of this section, the IEP satisfies the requirement and no additional transition plan is needed.

(f) Students who do not meet or exceed Minnesota academic standards, as measured by the Minnesota Comprehensive Assessments that are administered during high school, shall be informed that admission to a public school is free and available to any resident under 21 years of age or who meets the requirements of section 120A.20, subdivision 1, paragraph (c). A student's plan under this section shall continue while the student is enrolled.

(g) A school district must provide military recruiters the same access to secondary school students as the district provides to institutions of higher education or to prospective employers of students.

(h) School districts are encouraged to sponsor an armed forces career opportunity day each school year prior to the third Thursday of November. A school district that sponsors an armed forces career opportunity day must extend invitations to recruiters from each branch of the United States armed forces and allow the recruiters to make presentations to all interested secondary school students.

Sec. 13. **[120B.215] SUBSTANCE MISUSE PREVENTION.**

(a) This section may be cited as "Jake's Law."

(b) School districts and charter schools are encouraged to provide substance misuse prevention instruction for students in grades 5 through 12 integrated into existing programs, curriculum, or the general school environment of a district or charter school. The commissioner of education, in consultation with the director of the Alcohol and Other Drug Abuse Section under section 254A.03 and substance misuse prevention and treatment organizations, must, upon request, provide districts and charter schools with:

(1) information regarding substance misuse prevention services; and

(2) assistance in using Minnesota student survey results to inform prevention programs.

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

Sec. 14. Minnesota Statutes 2016, section 120B.299, subdivision 10, is amended to read:

Subd. 10. **Proficiency.** "Proficiency" for purposes of reporting growth on school performance report cards under section 120B.36, subdivision 1, means those students who, in the previous school year, scored at or above "meets standards" on the statewide assessments under section 120B.30. ~~Each year, school performance report cards must separately display: (1) the numbers and percentages of students who achieved low growth, medium growth, and high growth and achieved proficiency in the previous school year; and (2) the numbers and percentages of students who achieved low growth, medium growth, and high growth and did not achieve proficiency in the previous school year.~~

Sec. 15. Minnesota Statutes 2017 Supplement, section 120B.30, subdivision 1, is amended to read:

Subdivision 1. **Statewide testing.** (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, consistent with subdivision 1a, ~~shall~~ must include in the comprehensive assessment system, for each grade level to be tested, state-constructed tests developed as computer-adaptive reading and mathematics assessments for students that are aligned with the state's required academic standards under section 120B.021, include multiple choice questions, and are administered annually to all students in grades 3 through 8. State-developed high school tests aligned with the state's

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required academic standards under section 120B.021 and administered to all high school students in a subject other than writing must include multiple choice questions. The commissioner ~~shall~~ must establish ~~one or more months during which schools shall administer the tests to students~~ a testing period as late as possible each school year during which schools must administer the Minnesota Comprehensive Assessments to students. The commissioner must publish the testing schedule at least two years before the beginning of the testing period.

~~(1) Students enrolled in grade 8 through the 2009-2010 school year are eligible to be assessed under (i) the graduation-required assessment for diploma in reading, mathematics, or writing under Minnesota Statutes 2012, section 120B.30, subdivision 1, paragraphs (c), clauses (1) and (2), and (d), (ii) the WorkKeys job skills assessment, (iii) the Compass college placement test, (iv) the ACT assessment for college admission, (v) a nationally recognized armed services vocational aptitude test.~~

~~(2) Students enrolled in grade 8 in the 2010-2011 or 2011-2012 school year are eligible to be assessed under (i) the graduation-required assessment for diploma in reading, mathematics, or writing under Minnesota Statutes 2012, section 120B.30, subdivision 1, paragraph (c), clauses (1) and (2), (ii) the WorkKeys job skills assessment, (iii) the Compass college placement test, (iv) the ACT assessment for college admission, (v) a nationally recognized armed services vocational aptitude test.~~

~~(3) For students under clause (1) or (2), a school district may substitute a score from an alternative, equivalent assessment to satisfy the requirements of this paragraph.~~

(b) The state assessment system must be aligned to the most recent revision of academic standards as described in section 120B.023 in the following manner:

(1) mathematics;

(i) grades 3 through 8 beginning in the 2010-2011 school year; and

(ii) high school level beginning in the 2013-2014 school year;

(2) science; grades 5 and 8 and at the high school level beginning in the 2011-2012 school year; and

(3) language arts and reading; grades 3 through 8 and high school level beginning in the 2012-2013 school year.

(c) For students enrolled in grade 8 in the 2012-2013 school year and later, students' state graduation requirements, based on a longitudinal, systematic approach to student education and career planning, assessment, instructional support, and evaluation, include the following:

(1) achievement and career and college readiness in mathematics, reading, and writing, consistent with paragraph (k) and to the extent available, to monitor students' continuous development of and growth in requisite knowledge and skills; analyze students' progress and performance levels, identifying students' academic strengths and diagnosing areas where students require curriculum or instructional adjustments, targeted interventions, or remediation; and, based on analysis of students' progress and performance data, determine students' learning and instructional needs and the instructional tools and best practices that support academic rigor for the student; and

(2) consistent with this paragraph and section 120B.125, age-appropriate exploration and planning activities and career assessments to encourage students to identify personally relevant career interests and aptitudes and help students and their families develop a regularly reexamined transition plan for postsecondary education or employment without need for postsecondary remediation.

Based on appropriate state guidelines, students with an individualized education program may satisfy state graduation requirements by achieving an individual score on the state-identified alternative assessments.

(d) Expectations of schools, districts, and the state for career or college readiness under this subdivision must be comparable in rigor, clarity of purpose, and rates of student completion.

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A student under paragraph (c), clause (1), must receive targeted, relevant, academically rigorous, and resourced instruction, which may include a targeted instruction and intervention plan focused on improving the student's knowledge and skills in core subjects so that the student has a reasonable chance to succeed in a career or college without need for postsecondary remediation. Consistent with sections 120B.13, 124D.09, 124D.091, 124D.49, and related sections, an enrolling school or district must actively encourage a student in grade 11 or 12 who is identified as academically ready for a career or college to participate in courses and programs awarding college credit to high school students. Students are not required to achieve a specified score or level of proficiency on an assessment under this subdivision to graduate from high school.

(e) Though not a high school graduation requirement, students are encouraged to participate in a nationally recognized college entrance exam. To the extent state funding for college entrance exam fees is available, a district must pay the cost, one time, for an interested student in grade 11 or 12 who is eligible for a free or reduced-price meal, to take a nationally recognized college entrance exam before graduating. A student must be able to take the exam under this paragraph at the student's high school during the school day and at any one of the multiple exam administrations available to students in the district. A district may administer the ACT or SAT or both the ACT and SAT to comply with this paragraph. If the district administers only one of these two tests and a free or reduced-price meal eligible student opts not to take that test and chooses instead to take the other of the two tests, the student may take the other test at a different time or location and remains eligible for the examination fee reimbursement. Notwithstanding sections 123B.34 to 123B.39, a school district may require a student that is not eligible for a free or reduced-price meal to pay the cost of taking a nationally recognized college entrance exam. The district must waive the cost for a student unable to pay.

(f) The commissioner and the chancellor of the Minnesota State Colleges and Universities must collaborate in aligning instruction and assessments for adult basic education students and English learners to provide the students with diagnostic information about any targeted interventions, accommodations, modifications, and supports they need so that assessments and other performance measures are accessible to them and they may seek postsecondary education or employment without need for postsecondary remediation. When administering formative or summative assessments used to measure the academic progress, including the oral academic development, of English learners and inform their instruction, schools must ensure that the assessments are accessible to the students and students have the modifications and supports they need to sufficiently understand the assessments.

(g) Districts and schools, on an annual basis, must use career exploration elements to help students, beginning no later than grade 9, and their families explore and plan for postsecondary education or careers based on the students' interests, aptitudes, and aspirations. Districts and schools must use timely regional labor market information and partnerships, among other resources, to help students and their families successfully develop, pursue, review, and revise an individualized plan for postsecondary education or a career. This process must help increase students' engagement in and connection to school, improve students' knowledge and skills, and deepen students' understanding of career pathways as a sequence of academic and career courses that lead to an industry-recognized credential, an associate's degree, or a bachelor's degree and are available to all students, whatever their interests and career goals.

(h) A student who demonstrates attainment of required state academic standards, which include career and college readiness benchmarks, on high school assessments under subdivision 1a is academically ready for a career or college and is encouraged to participate in courses awarding college credit to high school students. Such courses and programs may include sequential courses of study within broad career areas and technical skill assessments that extend beyond course grades.

(i) As appropriate, students through grade 12 must continue to participate in targeted instruction, intervention, or remediation and be encouraged to participate in courses awarding college credit to high school students.

(j) In developing, supporting, and improving students' academic readiness for a career or college, schools, districts, and the state must have a continuum of empirically derived, clearly defined benchmarks focused

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on students' attainment of knowledge and skills so that students, their parents, and teachers know how well students must perform to have a reasonable chance to succeed in a career or college without need for postsecondary remediation. The commissioner, in consultation with local school officials and educators, and Minnesota's public postsecondary institutions must ensure that the foundational knowledge and skills for students' successful performance in postsecondary employment or education and an articulated series of possible targeted interventions are clearly identified and satisfy Minnesota's postsecondary admissions requirements.

(k) For students in grade 8 in the 2012-2013 school year and later, a school, district, or charter school must record on the high school transcript a student's progress toward career and college readiness, and for other students as soon as practicable.

(l) The school board granting students their diplomas may formally decide to include a notation of high achievement on the high school diplomas of those graduating seniors who, according to established school board criteria, demonstrate exemplary academic achievement during high school.

(m) The 3rd through 8th grade computer-adaptive assessment results and high school test results shall be available to districts for diagnostic purposes affecting student learning and district instruction and curriculum, and for establishing educational accountability. The commissioner must establish empirically derived benchmarks on adaptive assessments in grades ~~3~~ 6 through 8. The commissioner, in consultation with the chancellor of the Minnesota State Colleges and Universities, must establish empirically derived benchmarks on the high school tests that reveal a trajectory toward career and college readiness consistent with section 136F.302, subdivision 1a. The commissioner must disseminate to the public the computer-adaptive assessments and high school test results upon receiving those results.

(n) The grades 3 through 8 computer-adaptive assessments and high school tests must be aligned with state academic standards. The commissioner ~~shall~~ must determine the testing process and the order of administration. The statewide results ~~shall~~ must be aggregated at the site and district level, consistent with subdivision 1a.

(o) The commissioner ~~shall~~ must include the following components in the statewide public reporting system:

(1) uniform statewide computer-adaptive assessments of all students in grades 3 through 8 and testing at the high school levels that provides appropriate, technically sound accommodations or alternate assessments;

(2) educational indicators that can be aggregated and compared across school districts and across time on a statewide basis, including average daily attendance, high school graduation rates, and high school drop-out rates by age and grade level;

(3) state results on the American College Test; and

(4) state results from participation in the National Assessment of Educational Progress so that the state can benchmark its performance against the nation and other states, and, where possible, against other countries, and contribute to the national effort to monitor achievement.

(p) For purposes of statewide accountability, "career and college ready" means a high school graduate has the knowledge, skills, and competencies to successfully pursue a career pathway, including postsecondary credit leading to a degree, diploma, certificate, or industry-recognized credential and employment. Students who are career and college ready are able to successfully complete credit-bearing coursework at a two- or four-year college or university or other credit-bearing postsecondary program without need for remediation.

(q) For purposes of statewide accountability, "cultural competence," "cultural competency," or "culturally competent" means the ability of families and educators to interact effectively with people of different cultures, native languages, and socioeconomic backgrounds.

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EFFECTIVE DATE. This section is effective for testing calendars in the 2020-2021 school year and later.

Sec. 16. Minnesota Statutes 2017 Supplement, section 120B.35, subdivision 3, is amended to read:

Subd. 3. **State growth target; other state measures.** (a)(1) The state's educational assessment system measuring individual students' educational growth is based on indicators of achievement growth that show an individual student's prior achievement. Indicators of achievement and prior achievement must be based on highly reliable statewide ~~or districtwide~~ assessments.

(2) For purposes of paragraphs (b), (c), and (d), the commissioner must analyze and report separate categories of information using the student categories identified under the federal Elementary and Secondary Education Act, as most recently reauthorized, and, in addition to "other" for each race and ethnicity, and the Karen community, seven of the most populous Asian ~~and Pacific Islander~~ groups, three of the most populous Native groups, seven of the most populous Hispanic/Latino groups, and five of the most populous Black and African Heritage groups as determined by the total Minnesota population based on the most recent American Community Survey; English learners under section 124D.59; home language; free or reduced-price lunch; and all students enrolled in a Minnesota public school who are currently or were previously in foster care, except that such disaggregation and cross tabulation is not required if the number of students in a category is insufficient to yield statistically reliable information or the results would reveal personally identifiable information about an individual student.

(b) The commissioner~~, in consultation with a stakeholder group that includes assessment and evaluation directors, district staff, experts in culturally responsive teaching, and researchers, must implement a model that uses a value-added growth indicator and includes criteria for identifying schools and school districts that demonstrate medium and high growth under section 120B.299, subdivisions 8 and 9, and may recommend other value-added measures under section 120B.299, subdivision 3. The model may be used to advance educators' professional development and replicate programs that succeed in meeting students' diverse learning needs. Data on individual teachers generated under the model are personnel data under section 13.43. The model~~ must ~~allow users to~~:

(1) report ~~student~~ the academic growth ~~consistent with this paragraph~~ rates, as defined in the state plan under section 120B.11, subdivision 1; and

(2) for all student categories, report and compare aggregated and disaggregated state student growth and, under section 120B.11, subdivision 2, clause (2), student learning and outcome data using the student categories identified under the federal Elementary and Secondary Education Act, as most recently reauthorized, and other student categories under paragraph (a), clause (2).

The commissioner must report measures of student growth and, under section 120B.11, subdivision 2, clause (2), student learning and outcome data, consistent with this paragraph, including the English language development, academic progress, and oral academic development of English learners and their native language development if the native language is used as a language of instruction, and include data on all pupils enrolled in a Minnesota public school course or program who are currently or were previously counted as an English learner under section 124D.59.

(c) When reporting student performance under section 120B.36, subdivision 1, the commissioner annually, beginning July 1, 2011, must report two core measures indicating the extent to which current high school graduates are being prepared for postsecondary academic and career opportunities:

(1) a preparation measure indicating the number and percentage of high school graduates in the most recent school year who completed course work important to preparing them for postsecondary academic and career opportunities, consistent with the core academic subjects required for admission to Minnesota's public colleges and universities as determined by the Office of Higher Education under chapter 136A; and

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(2) a rigorous coursework measure indicating the number and percentage of high school graduates in the most recent school year who successfully completed one or more college-level advanced placement, international baccalaureate, postsecondary enrollment options including concurrent enrollment, other rigorous courses of study under section 120B.021, subdivision 1a, or industry certification courses or programs.

When reporting the core measures under clauses (1) and (2), the commissioner must also analyze and report separate categories of information using the student categories identified under the federal Elementary and Secondary Education Act, as most recently reauthorized, and other student categories under paragraph (a), clause (2).

(d) When reporting student performance under section 120B.36, subdivision 1, the commissioner annually, beginning July 1, 2014, must report summary data on school safety and students' engagement and connection at school, consistent with the student categories identified under paragraph (a), clause (2). The summary data under this paragraph are separate from and must not be used for any purpose related to measuring or evaluating the performance of classroom teachers. The commissioner, in consultation with qualified experts on student engagement and connection and classroom teachers, must identify highly reliable variables that generate summary data under this paragraph. The summary data may be used at school, district, and state levels only. Any data on individuals received, collected, or created that are used to generate the summary data under this paragraph are nonpublic data under section 13.02, subdivision 9.

(e) For purposes of statewide educational accountability, the commissioner must identify and report measures that demonstrate the success of learning year program providers under sections 123A.05 and 124D.68, among other such providers, in improving students' graduation outcomes. The commissioner, beginning July 1, 2015, must annually report summary data on:

(1) the four- and six-year graduation rates of students under this paragraph;

(2) the percent of students under this paragraph whose progress and performance levels are meeting career and college readiness benchmarks under section 120B.30, subdivision 1; and

(3) the success that learning year program providers experience in:

(i) identifying at-risk and off-track student populations by grade;

(ii) providing successful prevention and intervention strategies for at-risk students;

(iii) providing successful recuperative and recovery or reenrollment strategies for off-track students; and

(iv) improving the graduation outcomes of at-risk and off-track students.

The commissioner may include in the annual report summary data on other education providers serving a majority of students eligible to participate in a learning year program.

(f) The commissioner, in consultation with recognized experts with knowledge and experience in assessing the language proficiency and academic performance of all English learners enrolled in a Minnesota public school course or program who are currently or were previously counted as an English learner under section 124D.59, must identify and report appropriate and effective measures to improve current categories of language difficulty and assessments, and monitor and report data on students' English proficiency levels, program placement, and academic language development, including oral academic language.

(g) When reporting ~~four- and six-year~~ graduation rates, including four-year graduation rates, the commissioner or school district must disaggregate the data by student categories according to paragraph (a), clause (2).

(h) A school district must inform parents and guardians that volunteering information on student categories not required by the most recent reauthorization of the Elementary and Secondary Education Act is optional

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and will not violate the privacy of students or their families, parents, or guardians. The notice must state the purpose for collecting the student data.

Sec. 17. **[120B.355] ACADEMIC ACHIEVEMENT RATING SYSTEM.**

Subdivision 1. **Rating system.** (a) The commissioner of education must develop an academic achievement rating system consistent with this section to provide parents and students with a brief overview of student performance and growth in districts, school sites, and charter schools across the state.

(b) Each district, school site, and charter school must be assigned a summative rating based on a score on a scale of zero to 100.

(c) The summative rating must be based on the accountability indicators used in the state plan to identify schools for support and improvement. "State plan" as used in this section means the plan submitted by the commissioner in accordance with the Elementary and Secondary Education Act, as most recently authorized, and approved by the United States Department of Education, including state goals.

(d) The summative rating and score of each district, school site, and charter school must be reported on the Department of Education's Web site as part of the commissioner's school performance reports pursuant to section 120B.36 by September 1, 2020, and annually thereafter.

(e) The commissioner must examine how revisions to statewide assessments under section 120B.30 impact school and district ratings under this section. The commissioner may adjust district, school site, and charter school ratings accordingly to maintain consistency in reporting.

Subd. 2. **Report.** The commissioner must report on progress toward developing the rating system required under subdivision 1 to the chairs and ranking minority members of the legislative committees with jurisdiction over kindergarten through grade 12 education in accordance with section 3.195 no later than February 1, 2020.

Sec. 18. Minnesota Statutes 2017 Supplement, section 120B.36, subdivision 1, is amended to read:

Subdivision 1. **School performance reports and public reporting.** (a) The commissioner ~~shall~~ must report:

(1) student academic performance data under section 120B.35, subdivisions 2 and 3;

(2) district, school site, and charter school ratings under section 120B.355;

(3) the ~~percentages of students showing low, medium, and high~~ academic growth rates under ~~section 120B.35, subdivision 3, paragraph (b)~~ the state plan as defined under section 120B.355;

(4) school safety and student engagement and connection under section 120B.35, subdivision 3, paragraph (d);

(5) rigorous coursework under section 120B.35, subdivision 3, paragraph (c);

(6) the percentage of students under section 120B.35, subdivision 3, paragraph (b), clause (2), whose progress and performance levels are meeting career and college readiness benchmarks under sections 120B.30, subdivision 1, and 120B.35, subdivision 3, paragraph (e);

(7) longitudinal data on the progress of eligible districts in reducing disparities in students' academic achievement and realizing racial and economic integration under section 124D.861;

(8) the acquisition of English, and where practicable, native language academic literacy, including oral academic language, and the academic progress of all English learners enrolled in a Minnesota public school course or program who are currently or were previously counted as English learners under section 124D.59;

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(9) the percentage of students who graduated in the previous school year that correctly answered at least 30 of 50 civics test questions in accordance with section 120B.02, subdivision 3;

(10) two separate student-to-teacher ratios that clearly indicate the definition of teacher consistent with sections 122A.06 and 122A.15 for purposes of determining these ratios;

(11) staff characteristics excluding salaries;

(12) student enrollment demographics;

(13) foster care status, including all students enrolled in a Minnesota public school course or program who are currently or were previously in foster care, student homelessness, and district mobility; and

(14) extracurricular activities.

(b) The school performance report for a ~~school site and a school~~ district, school site, or charter school must include:

(1) school performance reporting information ~~and calculate proficiency~~, including a prominent display of both the district's, school site's, or charter school's summative rating and score assigned by the commissioner under section 120B.355;

(2) academic achievement rates as required by the ~~most recently reauthorized Elementary and Secondary Education Act.~~ state plan as defined under section 120B.355; and

(3) progress toward statewide goals under the state plan as defined under section 120B.355.

(c) The commissioner ~~shall~~ must develop, annually update, and post on the department Web site school performance reports consistent with paragraph (a) and section 120B.11.

(d) The commissioner must make available performance reports by the beginning of each school year.

(e) A school or district may appeal its results in a form and manner determined by the commissioner and consistent with federal law. The commissioner's decision to uphold or deny an appeal is final.

(f) School performance data are nonpublic data under section 13.02, subdivision 9, until the commissioner publicly releases the data. The commissioner ~~shall~~ must annually post school performance reports to the department's public Web site no later than September 1, except that in years when the reports reflect new performance standards, the commissioner ~~shall~~ must post the school performance reports no later than October 1.

Sec. 19. Minnesota Statutes 2016, section 120B.36, subdivision 2, is amended to read:

Subd. 2. **Student progress and other data.** (a) All data the department receives, collects, or creates under section 120B.11, governing the world's best workforce, or uses to determine ~~federal~~ and set goals for expectations under the most recently reauthorized Elementary and Secondary Education Act, ~~set state growth targets,~~ and to determine ~~student~~ academic growth, learning, and outcomes under section 120B.35 are nonpublic data under section 13.02, subdivision 9, until the commissioner publicly releases the data.

(b) Districts must provide parents sufficiently detailed summary data to permit parents to appeal under the most recently reauthorized federal Elementary and Secondary Education Act. The commissioner ~~shall~~ must annually post ~~federal expectations~~ state goals and state student growth, learning, and outcome data to the department's public Web site no later than September 1, except that in years when data or ~~federal expectations~~ state goals reflect new performance standards, the commissioner ~~shall~~ must post data on ~~federal expectations~~ state goals and state student growth data no later than October 1.

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Sec. 20. **[121A.12] NATIONAL MOTTO.**

(a) To the extent funds or in-kind contributions are available under paragraph (b), a school board or charter school may prominently display in a conspicuous place in each school an easily readable durable poster, framed copy, or mounted plaque of the national motto of the United States, "In God We Trust."

(b) A school board or charter school may accept nonpublic funds or in-kind contributions to implement this section.

Sec. 21. Minnesota Statutes 2016, section 121A.22, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** (a) This section applies only:

(1) when the parent of a pupil requests school personnel to administer drugs or medicine to the pupil; or

(2) when administration is allowed by the individualized education program of a child with a disability.

The request of a parent may be oral or in writing. An oral request must be reduced to writing within two school days, provided that the district may rely on an oral request until a written request is received.

(b) If the administration of a drug or medication described in paragraph (a) requires the school to store the drugs or medication, the parent or legal guardian must inform the school if the drug or medication is a controlled substance. For drugs or medications that are not controlled substances, the request must include a provision designating the school district as an authorized entity to transport the drug or medication for the purpose of destruction if any unused drug or medication is left in the possession of school personnel. For drugs or medications that are controlled substances, the request must specify that the parent or legal guardian is required to retrieve the drug when requested by the school.

Sec. 22. Minnesota Statutes 2016, section 121A.22, is amended by adding a subdivision to read:

Subd. 4a. **Unclaimed drugs or medications.** (a) Each school district must adopt a procedure for the collection and transport of any unclaimed or abandoned prescription drugs or over-the-counter medications left in the possession of school personnel in accordance with this subdivision. The procedure must ensure that before the transportation of any prescription drug under this subdivision, the school district must make a reasonable attempt to return the unused prescription drug to the student's parent or legal guardian. The procedure must provide that transportation of unclaimed or unused prescription drugs or over-the-counter medications occur at least annually, or more frequently as determined by the school district.

(b) If the unclaimed or abandoned prescription drug is not a controlled substance as defined under section 152.01, subdivision 4, or is an over-the-counter medication, the school district may designate an individual to transport these drugs or medications to a designated drop-off box or collection bin or may request a law enforcement agency to transport the drugs or medications to a drop-off box or collection bin on behalf of the school district.

(c) If the unclaimed or abandoned prescription drug is a controlled substance as defined in section 152.01, subdivision 4, a school district or school personnel is prohibited from transporting the prescription drug to a drop-off box or collection site for prescription drugs identified under this paragraph. The school district must request a law enforcement agency to transport the prescription drug or medication to a collection bin that complies with Drug Enforcement Agency regulations, or if a bin is not available, under the agency's procedure for transporting drugs.

Sec. 23. Minnesota Statutes 2016, section 121A.39, is amended to read:

121A.39 SCHOOL COUNSELORS.

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(a) A school district is strongly encouraged to have an adequate student-to-counselor ratio for its students beginning in the 2015-2016 school year and later.

(b) A school counselor ~~shall~~ must assist a student in meeting the requirements for high school graduation, college and career exploration, and selection, college affordability planning, and successful transitions into postsecondary education or training. As part of college and career exploration, a counselor is encouraged to present and explain the career opportunities and benefits offered by the United States armed forces and share information provided to the counselor by armed forces recruiters. In discussing military service with a student or a student's parent or guardian, a school counselor is encouraged to provide the student, parent, or guardian information concerning the military enlistment test. A counselor may consult with the Department of Labor and Industry to identify resources for students interested in exploring career opportunities in high-wage, high-demand occupations in the skilled trades and manufacturing.

(c) A school counselor must not interfere with a student's enlistment, or intention to enlist, in the armed forces.

Sec. 24. Minnesota Statutes 2016, section 121A.41, is amended by adding a subdivision to read:

Subd. 12. **Nonexclusionary disciplinary policies and practices; alternatives to pupil dismissal.** "Nonexclusionary disciplinary policies and practices" means policies and practices that are alternatives to removing a pupil from class or dismissing a pupil from school. Nothing in this subdivision diminishes a teacher's authority to remove a student from class consistent with sections 121A.61, subdivision 2, and 122A.42.

EFFECTIVE DATE. This section is effective for the 2018-2019 school year and later.

Sec. 25. Minnesota Statutes 2016, section 121A.45, is amended to read:

121A.45 GROUNDS FOR DISMISSAL.

Subdivision 1. **Provision of alternative programs.** ~~No school shall dismiss any pupil without attempting to provide alternative educational services~~ Schools must consider, where appropriate, using nonexclusionary disciplinary policies and practices before dismissal proceedings, except where it appears that the pupil will create an immediate and substantial danger to self or to surrounding persons or property.

Subd. 2. **Grounds for dismissal.** A pupil may be dismissed ~~on any of the following grounds~~ for:

~~(a)~~ (1) willful violation of any reasonable school board regulation~~. Such regulation must be~~ that is specific and sufficiently clear and definite to provide notice to pupils that they must conform their conduct to its requirements;

~~(b)~~ (2) willful conduct that significantly disrupts the rights of others to an education, or the ability of school personnel to perform their duties, or school sponsored extracurricular activities; or

~~(c)~~ (3) willful conduct that endangers the pupil or other pupils, or surrounding persons, including school district employees, or property of the school.

~~Subd. 3. **Parent notification and meeting.** If a pupil's total days of removal from school exceeds ten cumulative days in a school year, the school district shall make reasonable attempts to convene a meeting with the pupil and the pupil's parent or guardian before subsequently removing the pupil from school and, with the permission of the parent or guardian, arrange for a mental health screening for the pupil. The district is not required to pay for the mental health screening. The purpose of this meeting is to attempt to determine the pupil's need for assessment or other services or whether the parent or guardian should have the pupil assessed or diagnosed to determine whether the pupil needs treatment for a mental health disorder.~~

EFFECTIVE DATE. This section is effective for the 2018-2019 school year and later.

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Sec. 26. Minnesota Statutes 2016, section 121A.46, subdivision 2, is amended to read:

Subd. 2. **Administrator notifies pupil of grounds for suspension.** At the informal administrative conference, a school administrator shall notify the pupil of the grounds for the suspension~~, provide an explanation of~~ and explain the evidence the authorities have~~, and the pupil maypresent the pupil's version of the facts~~. The pupil may present the pupil's version of the facts and ask questions but is not required to do so.

EFFECTIVE DATE. This section is effective for the 2018-2019 school year and later.

Sec. 27. Minnesota Statutes 2016, section 121A.46, subdivision 3, is amended to read:

Subd. 3. **Written notice of grounds for suspension.** A written notice ~~containing~~ of grounds for suspension must be personally served upon the pupil at or before the time the suspension is to take effect and served upon the pupil's parent or guardian electronically or by mail within 48 hours of the conference. A written notice required under this section must contain:

(1) the grounds for suspension~~,~~;

(2) a brief statement of the facts~~,~~;

(3) a description of the testimony~~,~~;

(4) documents indicating the nonexclusionary disciplinary policies and practices initially used with the pupil, if applicable;

(5) the length of the suspension;

(6) a readmission plan~~,~~ that includes the pupil's date of return to school;

(7) a request for a meeting with the pupil's parent or guardian consistent with subdivision 3a; and

(8) a copy of sections 121A.40 to 121A.56~~, shall be personally served upon the pupil at or before the time the suspension is to take effect, and upon the pupil's parent or guardian by mail within 48 hours of the conference~~.

The district ~~shall~~ must make reasonable efforts to notify the parents of the suspension by telephone or electronically as soon as possible following the suspension. In the event a pupil is suspended without an informal administrative conference on the grounds that the pupil will create an immediate and substantial danger to surrounding persons or property, the written notice ~~shall~~ must be served upon the pupil and the pupil's parent or guardian within 48 hours of the suspension. Service by mail is complete upon mailing.

EFFECTIVE DATE. This section is effective for the 2018-2019 school year and later.

Sec. 28. Minnesota Statutes 2016, section 121A.46, is amended by adding a subdivision to read:

Subd. 3a. **Parent notification and meeting; suspension; mental health screening.** (a) After suspending a pupil from school, a school official must make reasonable attempts to convene a meeting with the pupil and the pupil's parent or guardian within 30 calendar days of the dismissal. The purpose of the meeting is to engage the pupil's parent or guardian in developing a plan to help the pupil succeed in school by addressing the behavior that led to the dismissal.

(b) If a pupil's total days of removal from school exceeds ten cumulative days in a school year, the school district must make reasonable attempts to convene a meeting with the pupil and the pupil's parent or guardian before subsequently removing the pupil from school and, with the permission of the parent or guardian, arrange for a mental health screening for the pupil. The district is not required to pay for the mental health screening. The purpose of this meeting is to attempt to determine the pupil's need for assessment or other

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services or whether the parent or guardian should have the pupil assessed or diagnosed to determine whether the pupil needs treatment for a mental health disorder.

EFFECTIVE DATE. This section is effective for the 2018-2019 school year and later.

Sec. 29. Minnesota Statutes 2016, section 121A.46, is amended by adding a subdivision to read:

Subd. 5. **Minimum education services.** School officials must give a suspended pupil a reasonable opportunity to complete all school work assigned during the pupil's suspension and to receive full credit for satisfactorily completing the assignments. The school principal or other person having administrative control of the school building or program is encouraged to designate a district or school employee as a liaison to work with the pupil's teachers to allow the suspended pupil to (1) receive timely course materials and other information, and (2) complete daily and weekly assignments and receive teachers' feedback.

EFFECTIVE DATE. This section is effective for the 2018-2019 school year and later.

Sec. 30. Minnesota Statutes 2016, section 121A.47, subdivision 2, is amended to read:

Subd. 2. **Written notice.** Written notice of intent to take action ~~shall~~ must:

~~(a)~~ (1) be served upon the pupil and the pupil's parent or guardian personally or by mail;

~~(b)~~ (2) contain a complete statement of the facts, a list of the witnesses and a description of their testimony;

~~(c)~~ (3) explain the grounds for expelling the pupil instead of imposing nonexclusionary disciplinary policies and practices under section 121A.41, subdivision 12;

(4) state the date, time, and place of the hearing;

~~(d)~~ (5) be accompanied by a copy of sections 121A.40 to 121A.56;

~~(e)~~ (6) describe alternative educational services accorded the pupil in an attempt to avoid the exclusion or expulsion proceedings; and

~~(f)~~ (7) inform the pupil and parent or guardian of the right to:

~~(1)~~ (i) have a representative of the pupil's own choosing, including legal counsel, at the hearing. The district ~~shall~~ must advise the pupil's parent or guardian that free or low-cost legal assistance may be available and that a legal assistance resource list is available from the Department of Education and is posted on the department's Web site;

~~(2)~~ (ii) examine the pupil's records before the hearing;

~~(3)~~ (iii) present evidence; and

~~(4)~~ (iv) confront and cross-examine witnesses.

EFFECTIVE DATE. This section is effective for the 2018-2019 school year and later.

Sec. 31. Minnesota Statutes 2016, section 121A.47, subdivision 14, is amended to read:

Subd. 14. **Admission or readmission plan.** (a) A school administrator ~~shall~~ must prepare and enforce an admission or readmission plan for any pupil who is excluded or expelled from school. The plan ~~may~~ must include measures to improve the pupil's behavior, ~~including~~ which may include completing a character education program, consistent with section 120B.232, subdivision 1, ~~and~~ social and emotional learning, counseling, social work services, mental health services, referrals for special education or 504 evaluation,

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and evidence-based academic interventions. The plan must require parental involvement in the admission or readmission process, and may indicate the consequences to the pupil of not improving the pupil's behavior.

(b) The definition of suspension under section 121A.41, subdivision 10, does not apply to a student's dismissal from school for one school day or less, except as provided under federal law for a student with a disability. Each suspension action may include a readmission plan. A readmission plan must provide, where appropriate, alternative education services, which must not be used to extend the student's current suspension period. Consistent with section 125A.091, subdivision 5, a readmission plan must not obligate a parent or guardian to provide psychotropic drugs to their student as a condition of readmission. School officials must not use the refusal of a parent or guardian to consent to the administration of psychotropic drugs to their student or to consent to a psychiatric evaluation, screening or examination of the student as a ground, by itself, to prohibit the student from attending class or participating in a school-related activity, or as a basis of a charge of child abuse, child neglect or medical or educational neglect.

EFFECTIVE DATE. This section is effective for the 2018-2019 school year and later.

Sec. 32. Minnesota Statutes 2016, section 121A.55, is amended to read:

121A.55 POLICIES TO BE ESTABLISHED.

(a) The commissioner of education shall promulgate guidelines to assist each school board. Each school board ~~shall~~ must establish uniform criteria for dismissal and adopt written policies and rules to effectuate the purposes of sections 121A.40 to 121A.56. The policies ~~shall~~ must include nonexclusionary disciplinary policies and practices consistent with section 121A.41, subdivision 12, and emphasize preventing dismissals through early detection of problems ~~and shall~~. The policies must be designed to address ~~students'~~ pupils' inappropriate behavior from recurring.

(b) The policies shall recognize the continuing responsibility of the school for the education of the pupil during the dismissal period. The school is responsible for ensuring that the alternative educational services~~, if~~ to be provided to the pupil ~~wishes to take advantage of them, must be~~ are adequate to allow the pupil to make progress towards meeting the graduation standards adopted under section 120B.02 ~~and~~, help prepare the pupil for readmission, and are consistent with section 121A.46, subdivision 6.

(c) For expulsion and exclusion dismissals:

(1) the school district's continuing responsibility includes reviewing the pupil's school work and grades on a quarterly basis to ensure the pupil is on track for readmission with the pupil's peers until the student enrolls in a new district. School districts must communicate on a regular basis with the pupil's parent or guardian to ensure the pupil is completing the work assigned through the alternative educational services;

(2) a pupil remains eligible for school-linked mental health services under section 245.4889 in the manner determined by the district until the pupil is enrolled in a new district; and

(3) the district must provide to the pupil's parent or guardian a list of mental health and counseling services available to the pupil after expulsion, including community mental health programs.

~~(b)~~ (d) An area learning center under section 123A.05 may not prohibit an expelled or excluded pupil from enrolling solely because a district expelled or excluded the pupil. The board of the area learning center may use the provisions of the Pupil Fair Dismissal Act to exclude a pupil or to require an admission plan.

~~(c)~~ (e) Each school district ~~shall~~ must develop a policy and report it to the commissioner on the appropriate use of peace and school resource officers and crisis teams to remove ~~students~~ pupils who have an individualized education program from school grounds.

EFFECTIVE DATE. This section is effective for the 2018-2019 school year and later.

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Sec. 33. Minnesota Statutes 2016, section 121A.61, is amended to read:

121A.61 DISCIPLINE AND REMOVAL OF ~~STUDENTS~~ PUPILS FROM CLASS.

Subdivision 1. **Required policy.** Each school board must adopt a written districtwide school discipline policy which includes written rules of conduct for ~~students~~ pupils, ~~minimum~~ potential consequences for violations of the rules, parental notification requirements, and grounds and procedures for removal of a ~~student~~ pupil from class. The board must develop the policy ~~must be developed~~ in consultation with administrators, teachers, employees, pupils, parents, community members, law enforcement agencies, county attorney offices, social service agencies, and such other individuals or organizations as the board determines appropriate. A school site council may adopt additional provisions to the policy subject to the approval of the school board.

Subd. 2. **Grounds for removal from class.** The policy must establish the various grounds for which a ~~student~~ pupil may be removed from a class in the district for a period of time under the procedures specified in the policy. The policy must include a procedure for notifying and meeting with a ~~student's~~ pupil's parent or guardian to discuss the problem that is causing the ~~student~~ pupil to be removed from class after the ~~student~~ pupil has been removed from class more than ~~ten~~ five times in one school year. The grounds in the policy must include at least the following provisions as well as other grounds determined appropriate by the board:

~~(a)~~ (1) willful conduct that significantly disrupts the rights of others to an education, including conduct that interferes with a teacher's ability to teach or communicate effectively with ~~students~~ pupils in a class or with the ability of other ~~students~~ pupils to learn;

~~(b)~~ (2) willful conduct that endangers surrounding persons, including school district employees, the ~~student~~ pupil, or other ~~students~~ pupils, or the property of the school; and

~~(c)~~ (3) willful violation of any rule of conduct specified in the discipline policy adopted by the board.

Subd. 3. **Policy components.** The policy must include at least the following components:

(a) rules governing ~~student~~ pupil conduct and procedures for informing ~~students~~ pupils of the rules;

(b) the grounds for removal of a ~~student~~ pupil from a class;

(c) the authority of the classroom teacher to remove ~~students~~ pupils from the classroom pursuant to procedures and rules established in the district's policy;

(d) the procedures for removal of a ~~student~~ pupil from a class by a teacher, school administrator, or other school district employee;

(e) the period of time for which a ~~student~~ pupil may be removed from a class, which may not exceed five class periods for a violation of a rule of conduct;

(f) provisions relating to the responsibility for and custody of a ~~student~~ pupil removed from a class;

(g) the procedures for return of a ~~student~~ pupil to the specified class from which the ~~student~~ pupil has been removed;

(h) the procedures for notifying a ~~student~~ pupil and the ~~student's~~ pupil's parents or guardian of violations of the rules of conduct and of resulting disciplinary actions;

(i) any procedures determined appropriate for encouraging early involvement of parents or guardians in attempts to improve a ~~student's~~ pupil's behavior;

(j) any procedures determined appropriate for encouraging early detection of behavioral problems;

(k) any procedures determined appropriate for referring a ~~student~~ pupil in need of special education services to those services;

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(1) the procedures for consideration of whether there is a need for a further assessment or of whether there is a need for a review of the adequacy of a current individualized education program of a ~~student~~ pupil with a disability who is removed from class;

(m) procedures for detecting and addressing chemical abuse problems of a ~~student~~ pupil while on the school premises;

(n) the ~~minimum~~ potential consequences for violations of the code of conduct;

(o) procedures for immediate and appropriate interventions tied to violations ~~of the code~~;

(p) a provision that states that a teacher, school employee, school bus driver, or other agent of a district may use reasonable force in compliance with section 121A.582 and other laws;

(q) an agreement regarding procedures to coordinate crisis services to the extent funds are available with the county board responsible for implementing sections 245.487 to 245.4889 for ~~students~~ pupils with a serious emotional disturbance or other ~~students~~ pupils who have an individualized education program whose behavior may be addressed by crisis intervention; and

(r) a provision that states a ~~student~~ pupil must be removed from class immediately if the ~~student~~ pupil engages in assault or violent behavior. For purposes of this paragraph, "assault" has the meaning given it in section 609.02, subdivision 10. The removal shall be for a period of time deemed appropriate by the principal, in consultation with the teacher.

EFFECTIVE DATE. This section is effective for the 2018-2019 school year and later.

Sec. 34. Minnesota Statutes 2016, section 121A.67, is amended by adding a subdivision to read:

Subd. 3. **Parent notification.** A school administrator must make and document efforts to immediately contact the parent or guardian of a pupil removed from a school building or school grounds by a peace or school resource officer unless such notice is specifically prohibited by law. If a pupil is secluded, a school administrator must make reasonable efforts to notify the pupil's parent or guardian of the seclusion by the end of the same school day.

EFFECTIVE DATE. This section is effective for the 2018-2019 school year and later.

Sec. 35. Minnesota Statutes 2017 Supplement, section 122A.09, is amended by adding a subdivision to read:

Subd. 4b. **Essential data.** The Professional Educator Licensing and Standards Board must maintain a list of essential data elements which must be recorded and stored about each licensed and nonlicensed staff member. Each school district must provide the essential data to the board in the form and manner prescribed by the board.

Sec. 36. Minnesota Statutes 2016, section 123B.14, subdivision 7, is amended to read:

Subd. 7. **Clerk records.** The clerk ~~shall~~ must keep a record of all meetings of the district and the board in books provided by the district for that purpose. The clerk ~~shall~~ must, within three days after an election, notify all persons elected of their election. By September 15 of each year the clerk ~~shall~~ must file with the board a report of the revenues, expenditures and balances in each fund for the preceding fiscal year. The report together with vouchers and supporting documents ~~shall~~ must subsequently be examined by a public accountant or the state auditor, either of whom ~~shall~~ must be paid by the district, as provided in section 123B.77, subdivision 3. The board ~~shall~~ must by resolution approve the report or require a further or amended report. ~~By September 15 of each year, the clerk shall make and transmit to the commissioner certified reports, showing:~~

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~~(1) the revenues and expenditures in detail, and such other financial information required by law, rule, or as may be called for by the commissioner;~~

~~(2) the length of school term and the enrollment and attendance by grades; and~~

~~(3) such other items of information as may be called for by the commissioner.~~

The clerk ~~shall~~ must enter in the clerk's record book copies of all reports and of the teachers' term reports, as they appear in the registers, and of the proceedings of any meeting as furnished by the clerk pro tem, and keep an itemized account of all the expenses of the district. The clerk ~~shall~~ must furnish to the auditor of the proper county, by September 30 of each year, an attested copy of the clerk's record, showing the amount of proposed property tax voted by the district or the board for school purposes; draw and sign all orders upon the treasurer for the payment of money for bills allowed by the board for salaries of officers and for teachers' wages and all claims, to be countersigned by the chair. Such orders must state the consideration, payee, and the fund and the clerk shall take a receipt therefor. Teachers' wages shall have preference in the order in which they become due, and no money applicable for teachers' wages shall be used for any other purpose, nor shall teachers' wages be paid from any fund except that raised or apportioned for that purpose.

Sec. 37. Minnesota Statutes 2016, section 124D.78, subdivision 2, is amended to read:

Subd. 2. **Resolution of concurrence.** Prior to March 1, the school board or American Indian school must submit to the department a copy of a resolution adopted by the American Indian education parent advisory committee. The copy must be signed by the chair of the committee and must state whether the committee concurs with the educational programs for American Indian students offered by the school board or American Indian school. If the committee does not concur with the educational programs, the reasons for nonconcurrence and recommendations ~~shall~~ must be submitted directly to the school board with the resolution. By resolution, the board must respond in writing within 60 days, in cases of nonconcurrence, to each recommendation made by the committee and state its reasons for not implementing the recommendations.

Sec. 38. Minnesota Statutes 2016, section 124D.98, is amended to read:

124D.98 LITERACY INCENTIVE AID.

Subdivision 1. **Literacy incentive aid.** A district's literacy incentive aid equals the sum of the proficiency aid under subdivision 2, and the growth aid under subdivision 3.

Subd. 2. **Proficiency aid.** The proficiency aid for each school in a district that has submitted to the commissioner its local literacy plan under section 120B.12, subdivision 4a, is equal to the product of the school's proficiency allowance times the number of third grade pupils at the school on October 1 of the previous fiscal year. A school's proficiency allowance is equal to the percentage of students in each building that meet or exceed proficiency on the third grade reading Minnesota Comprehensive Assessment, averaged across the previous three test administrations, times $530.

Subd. 3. **Growth aid.** The growth aid for each school in a district that has submitted to the commissioner its local literacy plan under section 120B.12, subdivision 4a, is equal to the product of the school's growth allowance times the number of fourth grade pupils enrolled at the school on October 1 of the previous fiscal year. A school's growth allowance is equal to the percentage of students at that school making medium or high growth, under ~~section 120B.299~~ subdivision 4, on the fourth grade reading Minnesota Comprehensive Assessment, averaged across the previous three test administrations, times $530.

Subd. 4. **Medium and high growth.** (a) The definitions in this subdivision apply to this section.

(b) "Medium growth" is an assessment score within one-half standard deviation above or below the average year-two assessment scores for students with similar year-one assessment scores.

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(c) "High growth" is an assessment score one-half standard deviation or more above the average year-two assessment scores for students with similar year-one assessment scores.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2019 and later.

Sec. 39. Minnesota Statutes 2016, section 125B.07, subdivision 6, is amended to read:

Subd. 6. **Essential data.** The department ~~shall~~ must maintain a list of essential data elements which must be recorded and stored about each pupil~~, licensed and nonlicensed staff member,~~ and educational program. Each school district must provide the essential data to the department in the form and format prescribed by the department.

Sec. 40. Minnesota Statutes 2017 Supplement, section 609A.03, subdivision 7a, is amended to read:

Subd. 7a. **Limitations of order effective January 1, 2015, and later.** (a) Upon issuance of an expungement order related to a charge supported by probable cause, the DNA samples and DNA records held by the Bureau of Criminal Apprehension and collected under authority other than section 299C.105 shall not be sealed, returned to the subject of the record, or destroyed.

(b) Notwithstanding the issuance of an expungement order:

(1) except as provided in clause (2), an expunged record may be opened, used, or exchanged between criminal justice agencies without a court order for the purposes of initiating, furthering, or completing a criminal investigation or prosecution or for sentencing purposes or providing probation or other correctional services;

(2) when a criminal justice agency seeks access to a record that was sealed under section 609A.02, subdivision 3, paragraph (a), clause (1), after an acquittal or a court order dismissing for lack of probable cause, for purposes of a criminal investigation, prosecution, or sentencing, the requesting agency must obtain an ex parte court order after stating a good-faith basis to believe that opening the record may lead to relevant information;

(3) an expunged record of a conviction may be opened for purposes of evaluating a prospective employee in a criminal justice agency without a court order;

(4) an expunged record of a conviction may be opened for purposes of a background study under section 245C.08 unless the commissioner had been properly served with notice of the petition for expungement and the court order for expungement is directed specifically to the commissioner of human services;

(5) an expunged record of a conviction may be opened for purposes of a background check required under section 122A.18, subdivision 8, unless the court order for expungement is directed specifically to the Professional Educator Licensing and Standards Board ~~or the licensing division of the Department of Education~~; and

(6) the court may order an expunged record opened upon request by the victim of the underlying offense if the court determines that the record is substantially related to a matter for which the victim is before the court.

(c) An agency or jurisdiction subject to an expungement order shall maintain the record in a manner that provides access to the record by a criminal justice agency under paragraph (b), clause (1) or (2), but notifies the recipient that the record has been sealed. The Bureau of Criminal Apprehension shall notify the commissioner of human services~~,~~ and the Professional Educator Licensing and Standards Board~~, or the licensing division of the Department of Education~~ of the existence of a sealed record and of the right to obtain access under paragraph (b), clause (4) or (5). Upon request, the agency or jurisdiction subject to the expungement order shall provide access to the record to the commissioner of human services~~,~~ or the

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Professional Educator Licensing and Standards Board~~, or the licensing division of the Department of Education~~ under paragraph (b), clause (4) or (5).

(d) An expunged record that is opened or exchanged under this subdivision remains subject to the expungement order in the hands of the person receiving the record.

(e) A criminal justice agency that receives an expunged record under paragraph (b), clause (1) or (2), must maintain and store the record in a manner that restricts the use of the record to the investigation, prosecution, or sentencing for which it was obtained.

(f) For purposes of this section, a "criminal justice agency" means a court or government agency that performs the administration of criminal justice under statutory authority.

(g) This subdivision applies to expungement orders subject to its limitations and effective on or after January 1, 2015.

Sec. 41. Minnesota Statutes 2017 Supplement, section 626.556, subdivision 2, is amended to read:

Subd. 2. **Definitions.** As used in this section, the following terms have the meanings given them unless the specific content indicates otherwise:

(a) "Accidental" means a sudden, not reasonably foreseeable, and unexpected occurrence or event which:

(1) is not likely to occur and could not have been prevented by exercise of due care; and

(2) if occurring while a child is receiving services from a facility, happens when the facility and the employee or person providing services in the facility are in compliance with the laws and rules relevant to the occurrence or event.

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

(c) "Facility" means:

(1) a licensed or unlicensed day care facility, certified license-exempt child care center, residential facility, agency, hospital, sanitarium, or other facility or institution required to be licensed under sections 144.50 to 144.58, 241.021, or 245A.01 to 245A.16, or chapter 144H, 245D, or 245H;

(2) a school as defined in section 120A.05, subdivisions 9, 11, and 13; and chapter 124E; or

(3) a nonlicensed personal care provider organization as defined in section 256B.0625, subdivision 19a.

(d) "Family assessment" means a comprehensive assessment of child safety, risk of subsequent child maltreatment, and family strengths and needs that is applied to a child maltreatment report that does not allege sexual abuse or substantial child endangerment. Family assessment does not include a determination as to whether child maltreatment occurred but does determine the need for services to address the safety of family members and the risk of subsequent maltreatment.

(e) "Investigation" means fact gathering related to the current safety of a child and the risk of subsequent maltreatment that determines whether child maltreatment occurred and whether child protective services are needed. An investigation must be used when reports involve sexual abuse or substantial child endangerment, and for reports of maltreatment in facilities required to be licensed or certified under chapter 245A, 245D, or 245H; under sections 144.50 to 144.58 and 241.021; in a school as defined in section 120A.05, subdivisions 9, 11, and 13, and chapter 124E; or in a nonlicensed personal care provider association as defined in section 256B.0625, subdivision 19a.

(f) "Mental injury" means an injury to the psychological capacity or emotional stability of a child as evidenced by an observable or substantial impairment in the child's ability to function within a normal range of performance and behavior with due regard to the child's culture.

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(g) "Neglect" means the commission or omission of any of the acts specified under clauses (1) to (9), other than by accidental means:

(1) failure by a person responsible for a child's care to supply a child with necessary food, clothing, shelter, health, medical, or other care required for the child's physical or mental health when reasonably able to do so;

(2) failure to protect a child from conditions or actions that seriously endanger the child's physical or mental health when reasonably able to do so, including a growth delay, which may be referred to as a failure to thrive, that has been diagnosed by a physician and is due to parental neglect;

(3) failure to provide for necessary supervision or child care arrangements appropriate for a child after considering factors as the child's age, mental ability, physical condition, length of absence, or environment, when the child is unable to care for the child's own basic needs or safety, or the basic needs or safety of another child in their care;

(4) failure to ensure that the child is educated as defined in sections 120A.22 and 260C.163, subdivision 11, which does not include a parent's refusal to provide the parent's child with sympathomimetic medications, consistent with section 125A.091, subdivision 5;

(5) nothing in this section shall be construed to mean that a child is neglected solely because the child's parent, guardian, or other person responsible for the child's care in good faith selects and depends upon spiritual means or prayer for treatment or care of disease or remedial care of the child in lieu of medical care; except that a parent, guardian, or caretaker, or a person mandated to report pursuant to subdivision 3, has a duty to report if a lack of medical care may cause serious danger to the child's health. This section does not impose upon persons, not otherwise legally responsible for providing a child with necessary food, clothing, shelter, education, or medical care, a duty to provide that care;

(6) prenatal exposure to a controlled substance, as defined in section 253B.02, subdivision 2, used by the mother for a nonmedical purpose, as evidenced by withdrawal symptoms in the child at birth, results of a toxicology test performed on the mother at delivery or the child at birth, medical effects or developmental delays during the child's first year of life that medically indicate prenatal exposure to a controlled substance, or the presence of a fetal alcohol spectrum disorder;

(7) "medical neglect" as defined in section 260C.007, subdivision 6, clause (5);

(8) chronic and severe use of alcohol or a controlled substance by a parent or person responsible for the care of the child that adversely affects the child's basic needs and safety; or

(9) emotional harm from a pattern of behavior which contributes to impaired emotional functioning of the child which may be demonstrated by a substantial and observable effect in the child's behavior, emotional response, or cognition that is not within the normal range for the child's age and stage of development, with due regard to the child's culture.

(h) "Nonmaltreatment mistake" means:

(1) at the time of the incident, the individual was performing duties identified in the center's child care program plan required under Minnesota Rules, part 9503.0045;

(2) the individual has not been determined responsible for a similar incident that resulted in a finding of maltreatment for at least seven years;

(3) the individual has not been determined to have committed a similar nonmaltreatment mistake under this paragraph for at least four years;

(4) any injury to a child resulting from the incident, if treated, is treated only with remedies that are available over the counter, whether ordered by a medical professional or not; and

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(5) except for the period when the incident occurred, the facility and the individual providing services were both in compliance with all licensing requirements relevant to the incident.

This definition only applies to child care centers licensed under Minnesota Rules, chapter 9503. If clauses (1) to (5) apply, rather than making a determination of substantiated maltreatment by the individual, the commissioner of human services shall determine that a nonmaltreatment mistake was made by the individual.

(i) "Operator" means an operator or agency as defined in section 245A.02.

(j) "Person responsible for the child's care" means (1) an individual functioning within the family unit and having responsibilities for the care of the child such as a parent, guardian, or other person having similar care responsibilities, or (2) an individual functioning outside the family unit and having responsibilities for the care of the child such as a teacher, school administrator, other school employees or agents, or other lawful custodian of a child having either full-time or short-term care responsibilities including, but not limited to, day care, babysitting whether paid or unpaid, counseling, teaching, and coaching.

(k) "Physical abuse" means any physical injury, mental injury, or threatened injury, inflicted by a person responsible for the child's care on a child other than by accidental means, or any physical or mental injury that cannot reasonably be explained by the child's history of injuries, or any aversive or deprivation procedures, or regulated interventions, that have not been authorized under section 125A.0942 or 245.825.

Abuse does not include reasonable and moderate physical discipline of a child administered by a parent or legal guardian which does not result in an injury. Abuse does not include the use of reasonable force by a teacher, principal, or school employee as allowed by section 121A.582. Actions which are not reasonable and moderate include, but are not limited to, any of the following:

(1) throwing, kicking, burning, biting, or cutting a child;

(2) striking a child with a closed fist;

(3) shaking a child under age three;

(4) striking or other actions which result in any nonaccidental injury to a child under 18 months of age;

(5) unreasonable interference with a child's breathing;

(6) threatening a child with a weapon, as defined in section 609.02, subdivision 6;

(7) striking a child under age one on the face or head;

(8) striking a child who is at least age one but under age four on the face or head, which results in an injury;

(9) purposely giving a child poison, alcohol, or dangerous, harmful, or controlled substances which were not prescribed for the child by a practitioner, in order to control or punish the child; or other substances that substantially affect the child's behavior, motor coordination, or judgment or that results in sickness or internal injury, or subjects the child to medical procedures that would be unnecessary if the child were not exposed to the substances;

(10) unreasonable physical confinement or restraint not permitted under section 609.379, including but not limited to tying, caging, or chaining; or

(11) in a school facility or school zone, an act by a person responsible for the child's care that is a violation under section 121A.58.

(l) "Practice of social services," for the purposes of subdivision 3, includes but is not limited to employee assistance counseling and the provision of guardian ad litem and parenting time expeditor services.

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(m) "Report" means any communication received by the local welfare agency, police department, county sheriff, or agency responsible for child protection pursuant to this section that describes neglect or physical or sexual abuse of a child and contains sufficient content to identify the child and any person believed to be responsible for the neglect or abuse, if known.

(n) "Sexual abuse" means the subjection of a child by a person responsible for the child's care, by a person who has a significant relationship to the child, as defined in section 609.341, or by a person in a position of authority, as defined in section 609.341, subdivision 10, to any act which constitutes a violation of section 609.342 (criminal sexual conduct in the first degree), 609.343 (criminal sexual conduct in the second degree), 609.344 (criminal sexual conduct in the third degree), 609.345 (criminal sexual conduct in the fourth degree), ~~or~~ 609.3451 (criminal sexual conduct in the fifth degree), or 609.352 (solicitation of children to engage in sexual conduct; communication of sexually explicit materials to children). Sexual abuse also includes any act which involves a minor which constitutes a violation of prostitution offenses under sections 609.321 to 609.324 or 617.246. Effective May 29, 2017, sexual abuse includes all reports of known or suspected child sex trafficking involving a child who is identified as a victim of sex trafficking. Sexual abuse includes child sex trafficking as defined in section 609.321, subdivisions 7a and 7b. Sexual abuse includes threatened sexual abuse which includes the status of a parent or household member who has committed a violation which requires registration as an offender under section 243.166, subdivision 1b, paragraph (a) or (b), or required registration under section 243.166, subdivision 1b, paragraph (a) or (b).

(o) "Substantial child endangerment" means a person responsible for a child's care, by act or omission, commits or attempts to commit an act against a child under their care that constitutes any of the following:

(1) egregious harm as defined in section 260C.007, subdivision 14;

(2) abandonment under section 260C.301, subdivision 2;

(3) neglect as defined in paragraph (g), clause (2), that substantially endangers the child's physical or mental health, including a growth delay, which may be referred to as failure to thrive, that has been diagnosed by a physician and is due to parental neglect;

(4) murder in the first, second, or third degree under section 609.185, 609.19, or 609.195;

(5) manslaughter in the first or second degree under section 609.20 or 609.205;

(6) assault in the first, second, or third degree under section 609.221, 609.222, or 609.223;

(7) solicitation, inducement, and promotion of prostitution under section 609.322;

(8) criminal sexual conduct under sections 609.342 to 609.3451;

(9) solicitation of children to engage in sexual conduct under section 609.352;

(10) malicious punishment or neglect or endangerment of a child under section 609.377 or 609.378;

(11) use of a minor in sexual performance under section 617.246; or

(12) parental behavior, status, or condition which mandates that the county attorney file a termination of parental rights petition under section 260C.503, subdivision 2.

(p) "Threatened injury" means a statement, overt act, condition, or status that represents a substantial risk of physical or sexual abuse or mental injury. Threatened injury includes, but is not limited to, exposing a child to a person responsible for the child's care, as defined in paragraph (j), clause (1), who has:

(1) subjected a child to, or failed to protect a child from, an overt act or condition that constitutes egregious harm, as defined in section 260C.007, subdivision 14, or a similar law of another jurisdiction;

(2) been found to be palpably unfit under section 260C.301, subdivision 1, paragraph (b), clause (4), or a similar law of another jurisdiction;

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(3) committed an act that has resulted in an involuntary termination of parental rights under section 260C.301, or a similar law of another jurisdiction; or

(4) committed an act that has resulted in the involuntary transfer of permanent legal and physical custody of a child to a relative under Minnesota Statutes 2010, section 260C.201, subdivision 11, paragraph (d), clause (1), section 260C.515, subdivision 4, or a similar law of another jurisdiction.

A child is the subject of a report of threatened injury when the responsible social services agency receives birth match data under paragraph (q) from the Department of Human Services.

(q) Upon receiving data under section 144.225, subdivision 2b, contained in a birth record or recognition of parentage identifying a child who is subject to threatened injury under paragraph (p), the Department of Human Services shall send the data to the responsible social services agency. The data is known as "birth match" data. Unless the responsible social services agency has already begun an investigation or assessment of the report due to the birth of the child or execution of the recognition of parentage and the parent's previous history with child protection, the agency shall accept the birth match data as a report under this section. The agency may use either a family assessment or investigation to determine whether the child is safe. All of the provisions of this section apply. If the child is determined to be safe, the agency shall consult with the county attorney to determine the appropriateness of filing a petition alleging the child is in need of protection or services under section 260C.007, subdivision 6, clause (16), in order to deliver needed services. If the child is determined not to be safe, the agency and the county attorney shall take appropriate action as required under section 260C.503, subdivision 2.

(r) Persons who conduct assessments or investigations under this section shall take into account accepted child-rearing practices of the culture in which a child participates and accepted teacher discipline practices, which are not injurious to the child's health, welfare, and safety.

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

Sec. 42. Laws 2016, chapter 189, article 25, section 61, is amended to read:

Sec. 61. **CERTIFICATION INCENTIVE REVENUE.**

Subdivision 1. **Qualifying certificates.** As soon as practicable, the commissioner of education, in consultation with the Governor's Workforce Development Council established under Minnesota Statutes, section 116L.665, and the P-20 education partnership operating under Minnesota Statutes, section 127A.70, must establish the list of qualifying career and technical certificates and post the names of those certificates on the Department of Education's Web site. The certificates must be in fields where occupational opportunities exist.

Subd. 2. **School district participation.** (a) A school board may adopt a policy authorizing its students in grades 9 through 12, including its students enrolled in postsecondary enrollment options courses under Minnesota Statutes, section 124D.09, the opportunity to complete a qualifying certificate. The certificate may be completed as part of a regularly scheduled course.

(b) A school district may register a student for any assessment necessary to complete a qualifying certificate and pay any associated registration fees for its students.

Subd. 3. **Incentive funding.** (a) A school district's career and technical certification aid equals $500 times the district's number of students enrolled during the current fiscal year who have obtained one or more qualifying certificates during the current fiscal year.

(b) The statewide total certificate revenue must not exceed ~~$1,000,000~~ $400,000 for the 2016-2017, 2017-2018, and 2018-2019 school years. The commissioner must proportionately reduce the initial aid provided under this subdivision so that the statewide aid cap is not exceeded.

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Subd. 4. **Reports to the legislature.** (a) The commissioner of education must report to the committees of the legislature with jurisdiction over kindergarten through grade 12 education and higher education by February 1, 2017, on the number and types of certificates authorized for the 2016-2017 school year. The commissioner must also recommend whether the pilot program should be continued.

(b) By February 1~~,~~ of 2018, 2019, and 2020, the commissioner of education must report to the committees of the legislature with jurisdiction over kindergarten through grade 12 education and higher education about the number and types of certificates earned by Minnesota's students during the ~~2016-2017~~ prior school year.

Sec. 43. Laws 2016, chapter 189, article 25, section 62, subdivision 15, is amended to read:

Subd. 15. **Certificate incentive funding.** (a) For the certificate incentive program:

	~~1,000,000~~		
$	400,000	.....	2017

(b) $600,000 of the $1,000,000 appropriation in Laws 2016, chapter 189, article 25, section 62, subdivision 15, is canceled to the general fund.

(c) Of this amount, $3,000 is for the administrative expenses associated with the reports required for 2019 and 2020. This is a onetime appropriation. This appropriation is available until June 30, 2019.

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

Sec. 44. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 12, is amended to read:

Subd. 12. **Museums and education centers.** For grants to museums and education centers:

$	460,000	.....	2018
	~~460,000~~		
$	491,000	.....	2019

(a) $319,000 each year is for the Minnesota Children's Museum. Of the amount in this paragraph, $50,000 in each year is for the Minnesota Children's Museum, Rochester.

(b) $50,000 each year is for the Duluth Children's Museum.

(c) $41,000 each year is for the Minnesota Academy of Science.

(d) $50,000 each year is for the Headwaters Science Center.

(e) $31,000 in fiscal year 2019 only is for the Judy Garland Museum for the Children's Discovery Museum of Grand Rapids. Of this amount, up to three percent is for administering the grant.

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

The base in fiscal year 2020 is $460,000.

Sec. 45. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 14, is amended to read:

Subd. 14. **Singing-based pilot program to improve student reading.** (a) For a grant to pilot a research-supported, computer-based educational program that uses singing to improve the reading ability of students in grades 2 through 5:

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$	500,000	.....	2018
$	0	.....	2019

(b) The commissioner of education shall award a grant to the Rock 'n' Read Project to implement a research-supported, computer-based educational program that uses singing to improve the reading ability of students in grades 2 through 5. The grantee shall be responsible for selecting participating school sites; providing any required hardware and software, including software licenses, for the duration of the grant period; providing technical support, training, and staff to install required project hardware and software; providing on-site professional development and instructional monitoring and support for school staff and students; administering preintervention and postintervention reading assessments; evaluating the impact of the intervention; and other project management services as required. To the extent practicable, the grantee must select participating schools in urban, suburban, and greater Minnesota, and give priority to schools in which a high proportion of students do not read proficiently at grade level and are eligible for free or reduced-price lunch.

(c) By February 15, 2019, the grantee must submit a report detailing expenditures and outcomes of the grant to the commissioner of education and the chairs and ranking minority members of the legislative committees with primary jurisdiction over kindergarten through grade 12 education policy and finance.

(d) This is a onetime appropriation.

(e) Any balance in the first year does not cancel but is available in the second year.

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

Sec. 46. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 23, is amended to read:

Subd. 23. ~~**Paraprofessional pathway**~~ **Grow Your Own pathways to teacher licensure.** (a) For grants to school districts for Grow Your Own new teacher programs:

$	1,500,000	.....	2018
$	1,500,000	.....	2019

(b) The grants in paragraph (a) are for school districts ~~with more than~~ and charter schools where at least 30 percent of the school district's or charter school's students served are students of color or American Indian students ~~minority students~~ for a ~~Board of Teaching-approved~~ Professional Educator Licensing and Standards Board-approved nonconventional teacher residency pilot program. The program must provide tuition scholarships or stipends to enable school district and charter school employees or community members affiliated with a school district or charter school who seek an education license to participate in a nonconventional teacher preparation program. School districts and charter schools that receive funds under this subdivision are strongly encouraged to recruit candidates of color and American Indian candidates to participate in the Grow Your Own new teacher programs. Districts or schools providing financial support may require a commitment as determined by the district to teach in the district or school for a reasonable amount of time that does not exceed five years.

(c) School districts and charter schools may also apply for grants to develop innovative expanded Grow Your Own programs that encourage secondary school students to pursue teaching, including developing and offering dual-credit postsecondary course options in schools for "Introduction to Teaching" or "Introduction to Education" courses consistent with Minnesota Statutes, section 124D.09, subdivision 10.

(d) Programs must annually report to the commissioner by the date determined by the commissioner on their activities under this section, including the number of participants, the percentage of participants who are of color or who are American Indian, and an assessment of program effectiveness, including participant

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feedback, areas for improvement, the percentage of participants continuing to pursue teacher licensure, and the number of participants hired in the school or district as teachers after completing preparation programs.

(e) The department may retain up to three percent of the appropriation amount to monitor and administer the grant program.

(f) Any balance in the first year does not cancel but is available in the second year.

Sec. 47. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Online access to music education.** (a) For a grant to the MacPhail Center for Music to broaden access to music education in rural Minnesota:

$ 125,000 2019

(b) The MacPhail Center must use the grant under paragraph (a) to broaden access to music education in rural Minnesota. The program must supplement and enhance an existing program and may provide individual instruction, sectional ensembles, and other group activities, workshops, and early childhood music activities. The MacPhail Center must design its program in consultation with music educators who teach in rural Minnesota. The grants may be used by the MacPhail Center for employee costs and for any related travel costs.

(c) Upon request from a school's music educator, the MacPhail Center may enter into an agreement with the school to provide a program according to paragraph (b). In an early childhood setting, the MacPhail Center may provide a program upon a request initiated by an early childhood educator.

(d) By January 15, 2020, the MacPhail Center shall prepare and submit a report to the legislature describing the online programs offered, program outcomes, the students served, an estimate of the unmet need for music education, and a detailed list of expenditures for the previous fiscal year.

(e) Of this amount, up to three percent is for administering the grant. This is a onetime appropriation.

Subd. 3. **Mounds View early college aid.** (a) For Independent School District No. 621, Mounds View:

$ 200,000 2019

(b) The amount awarded under this subdivision must be used to provide scholarships for teachers who teach secondary school courses for postsecondary credit through the district's early college program to enroll in up to 18 graduate credits in an applicable subject area. The district and the State Partnership are encouraged to collaborate to avoid duplication of service and, to the extent practicable, provide district teachers access to the State Partnership's continuing education program established in accordance with Laws 2017, First Special Session chapter 5, article 2, section 48.

(c) Of this amount, up to three percent is for administering the grant. This is a onetime appropriation.

(d) The fiscal year 2019 appropriation is available until June 30, 2022. Any remaining balance is canceled to the general fund.

Subd. 4. **Vocational enrichment revenue.** (a) For vocational enrichment grants to school districts, including Independent School District No. 2752, Fairmont, for career and technical education in extended week and summer school programs:

$ 150,000 2019

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(b) A school district must apply for a grant in the form and manner specified by the commissioner. The maximum amount of a vocational enrichment grant equals the product of:

(1) $5,117;

(2) 1.2;

(3) the number of students participating in the program; and

(4) the ratio of the actual hours of service provided to each student to 1,020.

(c) If applications for funding exceed the amount appropriated for the program, the commissioner must prioritize grants to programs in the following pathways: welding; construction trades; automotive technology; household electrical skills; heating, ventilation, and air conditioning; plumbing; culinary arts; and agriculture.

(d) Of this amount, up to three percent is for administering the grant. This is a onetime appropriation.

(e) The fiscal year 2019 appropriation is available until June 30, 2021.

Sec. 48. **REVISOR'S INSTRUCTION.**

(a) The revisor of statutes shall renumber the provisions of Minnesota Statutes listed in column A to the references listed in column B.

Column A	Column B
136D.01	123C.01
136D.21	123C.21
136D.22	123C.22
136D.23	123C.23
136D.24	123C.24
136D.25	123C.25
136D.26	123C.26
136D.281	123C.27
136D.29	123C.28
136D.31	123C.29
136D.41	123C.41
136D.42	123C.42
136D.43	123C.43
136D.44	123C.44
136D.45	123C.45
136D.46	123C.46
136D.47	123C.47
136D.48	123C.48

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136D.49	123C.49
136D.71	123C.71
136D.72	123C.72
136D.73	123C.73
136D.74	123C.74
136D.741	123C.75
136D.76	123C.76
136D.81	123C.81
136D.82	123C.82
136D.83	123C.83
136D.84	123C.84
136D.85	123C.85
136D.86	123C.86
136D.88	123C.87
136D.90	123C.88
136D.92	123C.89
136D.93	123C.90
136D.94	123C.91

(b) The revisor of statutes shall make necessary cross-reference changes in Minnesota Statutes and Minnesota Rules consistent with renumbering of Minnesota Statutes, chapter 136D in this act, and if Minnesota Statutes, chapter 136D, is further amended in the 2018 legislative session, shall codify the amendments in a manner consistent with this act. The revisor may make necessary changes to sentence structure to preserve the meaning of the text.

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

Sec. 49. **REPEALER.**

(a) Minnesota Statutes 2016, section 120B.299, subdivisions 7, 8, 9, and 11, are repealed.

(b) Laws 2016, chapter 189, article 25, section 62, subdivision 16, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective July 1, 2018. Paragraph (b) is effective the day following final enactment.

ARTICLE 49

TEACHERS

Section 1. **[122A.051] CODE OF ETHICS.**

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Subdivision 1. **Scope.** Each teacher, upon entering the teaching profession, assumes a number of obligations, one of which is to adhere to a set of principles that defines professional conduct. These principles are reflected in the code of ethics, which sets forth to the education profession and the public it serves standards of professional conduct. This code applies to all persons licensed according to rules established by the Professional Educator Licensing and Standards Board.

Subd. 2. **Standards of professional conduct.** (a) A teacher must provide professional education services in a nondiscriminatory manner, including not discriminating on the basis of political, ideological, or religious beliefs.

(b) A teacher must make reasonable effort to protect students from conditions harmful to health and safety.

(c) In accordance with state and federal laws, a teacher must disclose confidential information about individuals only when a compelling professional purpose is served or when required by law.

(d) A teacher must take reasonable disciplinary action in exercising the authority to provide an atmosphere conducive to learning.

(e) A teacher must not use professional relationships with students, parents, and colleagues to personal advantage.

(f) A teacher must delegate authority for teaching responsibilities only to licensed personnel or as otherwise provided by law.

(g) A teacher must not deliberately suppress or distort subject matter.

(h) A teacher must not knowingly falsify or misrepresent records or facts relating to that teacher's own qualifications or to other teachers' qualifications.

(i) A teacher must not knowingly make false or malicious statements about students or colleagues.

(j) A teacher must accept a contract for a teaching position that requires licensing only if properly or provisionally licensed for that position.

(k) A teacher must not engage in any sexual contact with a student.

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

Sec. 2. Minnesota Statutes 2017 Supplement, section 122A.07, is amended by adding a subdivision to read:

Subd. 6. **Public employer compensation reduction prohibited.** The public employer of a member shall not reduce the member's compensation or benefits for the member's absence from employment when engaging in the business of the board.

Sec. 3. Minnesota Statutes 2017 Supplement, section 122A.09, subdivision 2, is amended to read:

Subd. 2. **Advise members of profession.** (a) The Professional Educator Licensing and Standards Board must act in an advisory capacity to members of the profession in matters of interpretation of the code of ethics in section 122A.051.

(b) The board must develop a process for a school district to receive a written complaint about a teacher under the code of ethics and forward the complaint to the board. A school board must inform parents and guardians in the school district of their ability to submit a complaint to the school board under this section.

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

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Sec. 4. Minnesota Statutes 2017 Supplement, section 122A.18, subdivision 8, is amended to read:

Subd. 8. **Background checks.** (a) The Professional Educator Licensing and Standards Board and the Board of School Administrators must request a criminal history background check from the superintendent of the Bureau of Criminal Apprehension on all first-time teaching applicants for licenses under their jurisdiction. Applicants must include with their licensure applications:

(1) an executed criminal history consent form, including fingerprints; and

(2) a money order or cashier's check payable to the Bureau of Criminal Apprehension for the fee for conducting the criminal history background check.

(b) The superintendent of the Bureau of Criminal Apprehension ~~shall~~ must perform the background check required under paragraph (a) by retrieving criminal history data as defined in section 13.87 and shall also conduct a search of the national criminal records repository. The superintendent is authorized to exchange fingerprints with the Federal Bureau of Investigation for purposes of the criminal history check. The superintendent ~~shall~~ must recover the cost to the bureau of a background check through the fee charged to the applicant under paragraph (a).

~~(c) The Professional Educator Licensing and Standards Board or the Board of School Administrators may issue a license pending completion of a background check under this subdivision, but must notify the individual and the school district or charter school employing the individual that the individual's license may be revoked based on the result of the background check.~~

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

Sec. 5. Minnesota Statutes 2017 Supplement, section 122A.187, subdivision 3, is amended to read:

Subd. 3. **Professional growth.** (a) Applicants for license renewal for a Tier 3 or Tier 4 license under sections 122A.183 and 122A.184, respectively, who have been employed as a teacher during the renewal period of the expiring license, as a condition of license renewal, must present to their local continuing education and relicensure committee or other local relicensure committee evidence of work that demonstrates professional reflection and growth in best teaching practices, including among other things, cultural competence in accordance with section 120B.30, subdivision 1, paragraph (q), and practices in meeting the varied needs of English learners, from young children to adults under section 124D.59, subdivisions 2 and 2a. A teacher may satisfy the requirements of this paragraph by submitting the teacher's most recent summative evaluation or improvement plan under section 122A.40, subdivision 8, or 122A.41, subdivision 5. Counselors, school social workers, and teachers who do not provide direct instruction but who provide academic, college, and career planning and support to students may submit proof of training on armed forces career options or careers in the skilled trades and manufacturing as additional evidence of professional growth.

(b) The Professional Educator Licensing and Standards Board must ensure that its teacher relicensing requirements include paragraph (a).

Sec. 6. Minnesota Statutes 2017 Supplement, section 122A.187, is amended by adding a subdivision to read:

Subd. 7. **Background check.** The Professional Educator Licensing and Standards Board must request a criminal history background check from the superintendent of the Bureau of Criminal Apprehension on a licensed teacher applying for a license renewal who has not had a background check within the preceding five years. The board may request payment from the teacher renewing a license in an amount equal to the actual cost of the background check.

EFFECTIVE DATE. This section is effective July 1, 2019.

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Sec. 7. Minnesota Statutes 2017 Supplement, section 122A.20, subdivision 1, is amended to read:

Subdivision 1. **Grounds for revocation, suspension, or denial.** (a) The Professional Educator Licensing and Standards Board or Board of School Administrators, whichever has jurisdiction over a teacher's licensure, may, on the written complaint of the school board employing a teacher, a teacher organization, or any other interested person, refuse to issue, refuse to renew, suspend, or revoke a teacher's license to teach for any of the following causes:

(1) immoral character or conduct;

(2) failure, without justifiable cause, to teach for the term of the teacher's contract;

(3) gross inefficiency or willful neglect of duty;

(4) failure to meet licensure requirements; ~~or~~

(5) fraud or misrepresentation in obtaining a license~~.~~; or

(6) intentional and inappropriate patting, touching, pinching, or other physical contact with a student that is sexually motivated.

The written complaint must specify the nature and character of the charges.

(b) The Professional Educator Licensing and Standards Board or Board of School Administrators, whichever has jurisdiction over a teacher's licensure, ~~shall~~ must refuse to issue, refuse to renew, or automatically revoke a teacher's license to teach without the right to a hearing upon receiving a certified copy of a conviction showing that the teacher has been convicted of:

(1) child abuse, as defined in section 609.185~~.~~;

(2) sex trafficking in the first degree under section 609.322, subdivision 1~~.~~;

(3) sex trafficking in the second degree under section 609.322, subdivision 1a~~.~~;

(4) engaging in hiring, or agreeing to hire a minor to engage in prostitution under section 609.324, ~~subdivision~~ subdivisions 1, 1a, and 2;

(5) criminal sexual ~~abuse~~ conduct under section 609.342, 609.343, 609.344, 609.345, 609.3451, subdivision 3~~, or~~;

(6) indecent exposure under section 617.23, subdivision 3~~.~~;

(7) solicitation of children to engage in sexual conduct or communication of sexually explicit materials to children under section 609.352~~.~~;

(8) interference with privacy under section 609.746 or stalking under section 609.749 and the victim was a minor~~.~~;

(9) using minors in a sexual performance under section 617.246~~.~~;

(10) possessing pornographic works involving a minor under section 617.247~~.~~; or

(11) any other offense not listed in this paragraph that requires the person to register as a predatory offender under section 243.166, or a crime under a similar law of another state or the United States.

In addition, the board may refuse to issue, refuse to renew, or automatically revoke a teacher's license to teach without the right to a hearing upon receiving a certified copy of a stay of adjudication for any offense. The board shall send notice of this licensing action to the district in which the teacher is currently employed.

(c) A person whose license to teach has been revoked, not issued, or not renewed under paragraph (b), may petition the board to reconsider the licensing action if the person's conviction ~~for child abuse or sexual~~

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~~abuse is~~ reversed by a final decision of the Court of Appeals or the Supreme Court or if the person has received a pardon for the offense. The petitioner ~~shall~~ must attach a certified copy of the appellate court's final decision or the pardon to the petition. Upon receiving the petition and its attachment, the board ~~shall~~ must schedule and hold a disciplinary hearing on the matter under section 214.10, subdivision 2, unless the petitioner waives the right to a hearing. If the board finds that, notwithstanding the reversal of the petitioner's criminal conviction or the issuance of a pardon, the petitioner is disqualified from teaching under paragraph (a), clause (1), the board ~~shall~~ must affirm its previous licensing action. If the board finds that the petitioner is not disqualified from teaching under paragraph (a), clause (1), it ~~shall~~ must reverse its previous licensing action.

(d) The Professional Educator Licensing and Standards Board or Board of School Administrators, whichever has jurisdiction over a teacher's licensure, must refuse to issue, refuse to renew, or revoke a teacher's license to teach if the teacher has engaged in sexual penetration as defined in section 609.321, subdivision 11, with a student enrolled in a school where the teacher works or volunteers.

(e) The Professional Educator Licensing and Standards Board or Board of School Administrators, whichever has jurisdiction over a teacher's licensure, must review and may refuse to issue, refuse to renew, or revoke a teacher's license to teach upon receiving a certified copy of a conviction showing that the teacher has been convicted of:

(1) a qualified domestic violence-related offense as defined in section 609.02, subdivision 16;

(2) embezzlement of public funds under section 609.54, clause (1) or (2);

(3) a felony involving a minor as the victim; or

(4) a gross misdemeanor involving a minor as the victim.

If an offense included in clauses (1) to (4) is already included in paragraph (b), the provisions of paragraph (b) apply to the conduct.

(f) A decision by the Professional Educator Licensing and Standards Board to refuse to issue, refuse to renew, suspend, or revoke a license must be reversed if the decision is based on a background check and the teacher or license application is not the subject of the background check.

(g) Section 122A.188 does not apply to a decision by the board to refuse to issue, refuse to renew, or revoke a license under this paragraph. A person whose license has been revoked, not issued, or not renewed under this subdivision may appeal the decision by filing a written request with the Professional Educator Licensing and Standards Board or the Board of School Administrators, as appropriate, within 30 days of notice of the licensing action. The board must then initiate a contested case under the Administrative Procedure Act, sections 14.001 to 14.69.

(h) The Professional Educator Licensing and Standards Board or Board of School Administrators, whichever has jurisdiction over a teacher's licensure, may suspend a teacher's license pending an investigation into a report of conduct that would be grounds for revocation under paragraph (b), (d), or (e). The teacher's license is suspended until the licensing board completes its disciplinary investigation and determines whether disciplinary action is necessary.

~~(d)~~ (i) For purposes of this subdivision, the Professional Educator Licensing and Standards Board is delegated the authority to suspend or revoke coaching licenses.

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

Sec. 8. Minnesota Statutes 2017 Supplement, section 122A.20, subdivision 2, is amended to read:

Subd. 2. **Mandatory reporting.** (a) A school board must report to the Professional Educator Licensing and Standards Board, the Board of School Administrators, or the Board of Trustees of the Minnesota State

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Colleges and Universities, whichever has jurisdiction over the teacher's or administrator's license, when its teacher or administrator is discharged or resigns from employment after a charge is filed with the school board under section 122A.41, subdivisions 6, clauses (1), (2), and (3), and 7, or after charges are filed that are grounds for discharge under section 122A.40, subdivision 13, paragraph (a), clauses (1) to (5), or when a teacher or administrator is suspended or resigns while an investigation is pending under section 122A.40, subdivision 13, paragraph (a), clauses (1) to (5); 122A.41, subdivisions 6, clauses (1), (2), and (3), and 7; or 626.556, or when a teacher or administrator is suspended without an investigation under section 122A.41, subdivisions 6, paragraph (a), clauses (1), (2), and (3), and 7; or 626.556. The report must be made to the appropriate licensing board within ten days after the discharge, suspension, or resignation has occurred. The licensing board to which the report is made must investigate the report for violation of subdivision 1 and the reporting board must cooperate in the investigation. Notwithstanding any provision in chapter 13 or any law to the contrary, upon written request from the licensing board having jurisdiction over the license, a board or school superintendent ~~shall~~ must provide the licensing board with information about the teacher or administrator from the district's files, any termination or disciplinary proceeding, any settlement or compromise, or any investigative file. Upon written request from the appropriate licensing board, a board or school superintendent may, at the discretion of the board or school superintendent, solicit the written consent of a student and the student's parent to provide the licensing board with information that may aid the licensing board in its investigation and license proceedings. The licensing board's request need not identify a student or parent by name. The consent of the student and the student's parent must meet the requirements of chapter 13 and Code of Federal Regulations, title 34, section 99.30. The licensing board may provide a consent form to the district. Any data transmitted to any board under this section is private data under section 13.02, subdivision 12, notwithstanding any other classification of the data when it was in the possession of any other agency.

(b) The licensing board to which a report is made must transmit to the Attorney General's Office any record or data it receives under this subdivision for the sole purpose of having the Attorney General's Office assist that board in its investigation. When the Attorney General's Office has informed an employee of the appropriate licensing board in writing that grounds exist to suspend or revoke a teacher's license to teach, that licensing board must consider suspending or revoking or decline to suspend or revoke the teacher's or administrator's license within 45 days of receiving a stipulation executed by the teacher or administrator under investigation or a recommendation from an administrative law judge that disciplinary action be taken.

(c) The Professional Educator Licensing and Standards Board and Board of School Administrators must report to the appropriate law enforcement authorities a revocation, suspension, or agreement involving a loss of license, relating to a teacher or administrator's inappropriate sexual conduct with a minor. For purposes of this section, "law enforcement authority" means a police department, county sheriff, or tribal police department. A report by the Professional Educator Licensing and Standards Board or the Board of School Administrators to appropriate law enforcement authorities does not diminish, modify, or otherwise affect the responsibilities of a licensing board, school board, or any person mandated to report abuse under section 626.556.

(d) The Professional Educator Licensing and Standards Board and Board of School Administrators must, immediately upon receiving information that gives the board reason to believe a child has at any time been neglected or physically or sexually abused, as defined in section 626.556, subdivision 2, report the information to:

(1) the local welfare agency, agency responsible for assessing or investigating the report, or tribal social services agency; and

(2) the police department, county sheriff, or tribal police department.

A report under this paragraph does not diminish, modify, or otherwise affect the responsibilities of a licensing board under section 626.556.

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

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Sec. 9. Minnesota Statutes 2017 Supplement, section 122A.40, subdivision 13, is amended to read:

Subd. 13. **Immediate discharge.** (a) Except as otherwise provided in paragraph (b), a board may discharge a continuing-contract teacher, effective immediately, upon any of the following grounds:

(1) immoral conduct, insubordination, or conviction of a felony;

(2) conduct unbecoming a teacher which requires the immediate removal of the teacher from classroom or other duties;

(3) failure without justifiable cause to teach without first securing the written release of the school board;

(4) gross inefficiency which the teacher has failed to correct after reasonable written notice;

(5) willful neglect of duty; or

(6) continuing physical or mental disability subsequent to a 12 months leave of absence and inability to qualify for reinstatement in accordance with subdivision 12.

For purposes of this paragraph, conduct unbecoming a teacher includes an unfair discriminatory practice described in section 363A.13.

Prior to discharging a teacher under this paragraph, the board must notify the teacher in writing and state its ground for the proposed discharge in reasonable detail. Within ten days after receipt of this notification the teacher may make a written request for a hearing before the board and it ~~shall~~ must be granted before final action is taken. The board may suspend a teacher with pay pending the conclusion of the hearing and determination of the issues raised in the hearing after charges have been filed which constitute ground for discharge. If a teacher has been charged with a felony and the underlying conduct that is the subject of the felony charge is a ground for a proposed immediate discharge, the suspension pending the conclusion of the hearing and determination of the issues may be without pay. If a hearing under this paragraph is held, the board must reimburse the teacher for any salary or compensation withheld if the final decision of the board or the arbitrator does not result in a penalty to or suspension, termination, or discharge of the teacher.

(b) A board must discharge a continuing-contract teacher, effective immediately, upon receipt of notice under section 122A.20, subdivision 1, paragraph (b), that the teacher's license has been revoked due to a conviction for:

(1) child abuse, as defined in section 609.185;

(2) sex trafficking in the first degree under section 609.322, subdivision 1;

(3) sex trafficking in the second degree under section 609.322, subdivision 1a;

(4) engaging in hiring or agreeing to hire a minor to engage in prostitution under section 609.324, ~~subdivision~~ subdivisions 1, 1a, and 2;

(5) criminal sexual ~~abuse~~ conduct under section 609.342, 609.343, 609.344, 609.345, 609.3451, subdivision 3~~, or 617.23, subdivision 3~~;

(6) indecent exposure under section 617.23, subdivision 3;

(7) solicitation of children to engage in sexual conduct or communication of sexually explicit materials to children under section 609.352;

(8) interference with privacy under section 609.746 or stalking under section 609.749 and the victim was a minor;

(9) using minors in a sexual performance under section 617.246;

(10) possessing pornographic works involving a minor under section 617.247; ~~or~~

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(11) any other offense not listed in this paragraph that requires the person to register as a predatory offender under section 243.166, or a crime under a similar law of another state or the United States; or

(12) any other offense not listed in this paragraph that requires notice of a licensing action to the district in accordance with section 122A.20, subdivision 1, paragraph (b).

(c) When a teacher is discharged under paragraph (b) or when the commissioner makes a final determination of child maltreatment involving a teacher under section 626.556, subdivision 11, the school principal or other person having administrative control of the school must include in the teacher's employment record the information contained in the record of the disciplinary action or the final maltreatment determination, consistent with the definition of public data under section 13.41, subdivision 5, and must provide the Professional Educator Licensing and Standards Board ~~and the licensing division at the department~~ with the necessary and relevant information to enable the Professional Educator Licensing and Standards Board ~~and the department's licensing division~~ to fulfill ~~their~~ its statutory and administrative duties related to issuing, renewing, suspending, or revoking a teacher's license. Information received by the Professional Educator Licensing and Standards Board ~~or the licensing division at the department~~ under this paragraph is governed by section 13.41 or other applicable law governing data of the receiving entity. In addition to the background check required under section 123B.03, a school board or other school hiring authority must contact the Professional Educator Licensing and Standards Board and the department to determine whether the teacher's license has been suspended or revoked, consistent with the discharge and final maltreatment determinations identified in this paragraph. Unless restricted by federal or state data practices law or by the terms of a collective bargaining agreement, the responsible authority for a school district must disseminate to another school district private personnel data on a current or former teacher employee or contractor of the district, including the results of background investigations, if the requesting school district seeks the information because the subject of the data has applied for employment with the requesting school district.

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

Sec. 10. Minnesota Statutes 2017 Supplement, section 122A.41, subdivision 6, is amended to read:

Subd. 6. **Grounds for discharge or demotion.** (a) Except as otherwise provided in paragraph (b), causes for the discharge or demotion of a teacher either during or after the probationary period must be:

(1) immoral character, conduct unbecoming a teacher, or insubordination;

(2) failure without justifiable cause to teach without first securing the written release of the school board having the care, management, or control of the school in which the teacher is employed;

(3) inefficiency in teaching or in the management of a school, consistent with subdivision 5, paragraph (b);

(4) affliction with a communicable disease must be considered as cause for removal or suspension while the teacher is suffering from such disability; or

(5) discontinuance of position or lack of pupils.

For purposes of this paragraph, conduct unbecoming a teacher includes an unfair discriminatory practice described in section 363A.13.

(b) A probationary or continuing-contract teacher must be discharged immediately upon receipt of notice under section 122A.20, subdivision 1, paragraph (b), that the teacher's license has been revoked due to a conviction for:

(1) child abuse, as defined in section 609.185;

(2) sex trafficking in the first degree under section 609.322, subdivision 1;

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(3) sex trafficking in the second degree under section 609.322, subdivision 1a;

(4) engaging in hiring or agreeing to hire a minor to engage in prostitution under section 609.324, ~~subdivision~~ subdivisions 1, 1a, and 2;

(5) criminal sexual ~~abuse~~ conduct under section 609.342, 609.343, 609.344, 609.345, 609.3451, subdivision 3~~, or~~ ;

(6) indecent exposure under section 617.23, subdivision 3;

(7) solicitation of children to engage in sexual conduct or communication of sexually explicit materials to children under section 609.352;

(8) interference with privacy under section 609.746 or stalking under section 609.749 and the victim was a minor;

(9) using minors in a sexual performance under section 617.246;

(10) possessing pornographic works involving a minor under section 617.247; ~~or~~

(11) any other offense not listed in this paragraph that requires the person to register as a predatory offender under section 243.166, or a crime under a similar law of another state or the United States; or

(12) any other offense not listed in this paragraph that requires notice of a licensing action to the district in accordance with section 122A.20, subdivision 1, paragraph (b).

(c) When a teacher is discharged under paragraph (b) or when the commissioner makes a final determination of child maltreatment involving a teacher under section 626.556, subdivision 11, the school principal or other person having administrative control of the school must include in the teacher's employment record the information contained in the record of the disciplinary action or the final maltreatment determination, consistent with the definition of public data under section 13.41, subdivision 5, and must provide the Professional Educator Licensing and Standards Board ~~and the licensing division at the department~~ with the necessary and relevant information to enable the Professional Educator Licensing and Standards Board ~~and the department's licensing division~~ to fulfill ~~their~~ its statutory and administrative duties related to issuing, renewing, suspending, or revoking a teacher's license. Information received by the Professional Educator Licensing and Standards Board ~~or the licensing division at the department~~ under this paragraph is governed by section 13.41 or other applicable law governing data of the receiving entity. In addition to the background check required under section 123B.03, a school board or other school hiring authority must contact the Professional Educator Licensing and Standards Board and the department to determine whether the teacher's license has been suspended or revoked, consistent with the discharge and final maltreatment determinations identified in this paragraph. Unless restricted by federal or state data practices law or by the terms of a collective bargaining agreement, the responsible authority for a school district must disseminate to another school district private personnel data on a current or former teacher employee or contractor of the district, including the results of background investigations, if the requesting school district seeks the information because the subject of the data has applied for employment with the requesting school district.

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

Sec. 11. Minnesota Statutes 2016, section 122A.42, is amended to read:

122A.42 GENERAL CONTROL OF SCHOOLS.

(a) The teacher of record shall have the general control and government of the school and classroom. When more than one teacher is employed in any district, one of the teachers may be designated by the board as principal and shall have the general control and supervision of the schools of the district, subject to the general supervisory control of the board and other officers.

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(b) Consistent with paragraph (a), the teacher may remove students from class under section 121A.61, subdivision 2, for violent or disruptive conduct. A school district must include notice of a teacher's authority under this paragraph in a teacher handbook, school policy guide, or other similar communication.

Sec. 12. Minnesota Statutes 2016, section 122A.71, subdivision 2, is amended to read:

Subd. 2. **Responsibility.** ~~By July 1, 1989,~~ The ~~Board of Teaching~~ Professional Educator Licensing and Standards Board must ~~begin to~~ evaluate the effectiveness of prebaccalaureate, postbaccalaureate, and other alternative program structures for preparing candidates for entrance into the teaching profession. The evaluation ~~shall~~ must be conducted by independent research centers or evaluators who are not associated with a Minnesota teacher education institution and ~~shall~~ must be longitudinal in nature.

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

Sec. 13. Minnesota Statutes 2017 Supplement, section 123B.03, subdivision 1, is amended to read:

Subdivision 1. **Background check required.** (a) A school hiring authority ~~shall~~ must request a criminal history background check from the superintendent of the Bureau of Criminal Apprehension on all individuals who are offered employment in a school and on all individuals, except enrolled student volunteers, who are offered the opportunity to provide athletic coaching services or other extracurricular academic coaching services to a school, regardless of whether any compensation is paid. In order for an individual to be eligible for employment or to provide the services, the individual must provide an executed criminal history consent form and a money order or check payable to either the Bureau of Criminal Apprehension or the school hiring authority, at the discretion of the school hiring authority, in an amount equal to the actual cost to the Bureau of Criminal Apprehension and the school district of conducting the criminal history background check. A school hiring authority deciding to receive payment may, at its discretion, accept payment in the form of a negotiable instrument other than a money order or check and shall pay the superintendent of the Bureau of Criminal Apprehension directly to conduct the background check. The superintendent of the Bureau of Criminal Apprehension shall conduct the background check by retrieving criminal history data as defined in section 13.87. A school hiring authority, at its discretion, may decide not to request a criminal history background check on an individual who holds an initial entrance license issued by the Professional Educator Licensing and Standards Board or the commissioner of education within the 12 months preceding an offer of employment.

(b) A school hiring authority may use the results of a criminal background check conducted at the request of another school hiring authority if:

(1) the results of the criminal background check are on file with the other school hiring authority or otherwise accessible;

(2) the other school hiring authority conducted a criminal background check within the previous 12 months;

(3) the individual who is the subject of the criminal background check executes a written consent form giving a school hiring authority access to the results of the check; and

(4) there is no reason to believe that the individual has committed an act subsequent to the check that would disqualify the individual for employment.

(c) A school hiring authority may, at its discretion, request a criminal history background check from the superintendent of the Bureau of Criminal Apprehension on any individual who seeks to enter a school or its grounds for the purpose of serving as a school volunteer or working as an independent contractor or student employee. In order for an individual to enter a school or its grounds under this paragraph when the school hiring authority decides to request a criminal history background check on the individual, the individual first must provide an executed criminal history consent form and a money order, check, or other negotiable

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instrument payable to the school district in an amount equal to the actual cost to the Bureau of Criminal Apprehension and the school district of conducting the criminal history background check. Notwithstanding section 299C.62, subdivision 1, the cost of the criminal history background check under this paragraph is the responsibility of the individual unless a school hiring authority decides to pay the costs of conducting a background check under this paragraph. If the school hiring authority pays the costs, the individual who is the subject of the background check need not pay for it.

(d) In addition to the initial background check required for all individuals offered employment in accordance with paragraph (a), a school hiring authority must request a new criminal history background check from the superintendent of the Bureau of Criminal Apprehension on all employees every five years. Notwithstanding any law to the contrary, in order for an individual to be eligible for continued employment, an individual must provide an executed criminal history consent form and a money order or check payable to either the Bureau of Criminal Apprehension or the school hiring authority, at the discretion of the school hiring authority, in an amount equal to the actual cost to the Bureau of Criminal Apprehension and the school district of conducting the criminal history background check. A school hiring authority deciding to receive payment may, at its discretion, accept payment in the form of a negotiable instrument other than a money order or check and shall pay the superintendent of the Bureau of Criminal Apprehension directly to conduct the background check. A school hiring authority, at its discretion, may decide not to request a criminal history background check on an employee who provides the hiring authority with a copy of the results of a criminal history background check conducted within the previous 60 months. A school hiring authority may, at its discretion, decide to pay the costs of conducting a background check under this paragraph.

~~(d)~~ (e) For all nonstate residents who are offered employment in a school, a school hiring authority shall request a criminal history background check on such individuals from the superintendent of the Bureau of Criminal Apprehension and from the government agency performing the same function in the resident state or, if no government entity performs the same function in the resident state, from the Federal Bureau of Investigation. Such individuals must provide an executed criminal history consent form and a money order, check, or other negotiable instrument payable to the school hiring authority in an amount equal to the actual cost to the government agencies and the school district of conducting the criminal history background check. Notwithstanding section 299C.62, subdivision 1, the cost of the criminal history background check under this paragraph is the responsibility of the individual.

~~(e)~~ (f) At the beginning of each school year or when a student enrolls, a school hiring authority must notify parents and guardians about the school hiring authority's policy requiring a criminal history background check on employees and other individuals who provide services to the school, and identify those positions subject to a background check and the extent of the hiring authority's discretion in requiring a background check. The school hiring authority may include the notice in the student handbook, a school policy guide, or other similar communication. Nothing in this paragraph affects a school hiring authority's ability to request a criminal history background check on an individual under paragraph (c).

EFFECTIVE DATE. This section is effective for the 2019-2020 school year and later.

Sec. 14. Minnesota Statutes 2017 Supplement, section 123B.03, subdivision 2, is amended to read:

Subd. 2. **Effect of background check or Professional Educator Licensing and Standards Board action.** (a) ~~A school hiring authority may hire or otherwise allow an individual to provide a service to a school pending completion of a background check under subdivision 1 or obtaining notice of a Professional Educator Licensing and Standards Board action under subdivision 1a but shall notify the individual that the individual's employment or other service may be terminated based on the result of the background check or Professional Educator Licensing and Standards Board action.~~ A school hiring authority is not liable for failing to hire or for terminating an individual's employment or other service based on the result of a background check or Professional Educator Licensing and Standards Board action under this section.

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(b) For purposes of this paragraph, a school hiring authority must inform an individual if the individual's application to be an employee or volunteer in the district has been denied as a result of a background check conducted under this section. The school hiring authority must also inform an individual who is a current employee or volunteer if the individual's employment or volunteer status in the district is being terminated as a result of a background check conducted under subdivision 4.

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

Sec. 15. Minnesota Statutes 2016, section 299C.17, is amended to read:

299C.17 REPORT BY COURT ADMINISTRATOR.

The superintendent shall require the court administrator of every court ~~which~~ that (1) sentences a defendant for a felony, gross misdemeanor, or targeted misdemeanor, or (2) grants a stay of adjudication pursuant to section 609.095, paragraph (b), clause (2), for an offense that, if convicted of, would require predatory offender registration under section 243.166, to electronically transmit within 24 hours of the disposition of the case a report, in a form prescribed by the superintendent providing information required by the superintendent with regard to the prosecution and disposition of criminal cases. A copy of the report shall be kept on file in the office of the court administrator.

Sec. 16. **[299C.77] BACKGROUND CHECKS; ADDITIONAL DISCLOSURE.**

The superintendent shall disclose to each applicant for a statutorily mandated or authorized background check or background study all records of stays of adjudication granted to the subject of the background check or background study that the superintendent receives pursuant to section 299C.17, clause (2). The data required to be disclosed under this section is in addition to other data on the subject of the background check or background study that the superintendent is mandated to disclose.

Sec. 17. Minnesota Statutes 2016, section 609.095, is amended to read:

609.095 LIMITS OF SENTENCES.

(a) The legislature has the exclusive authority to define crimes and offenses and the range of the sentences or punishments for their violation. No other or different sentence or punishment shall be imposed for the commission of a crime than is authorized by this chapter or other applicable law.

(b) Except as provided in:

(1) section 152.18 or 609.375~~.~~; or

(2) upon agreement of the parties, a court may not refuse to adjudicate the guilt of a defendant who tenders a guilty plea in accordance with Minnesota Rules of Criminal Procedure, rule 15, or who has been found guilty by a court or jury following a trial.

A stay of adjudication granted under clause (2) must be reported to the superintendent of the Bureau of Criminal Apprehension pursuant to section 299C.17.

(c) Paragraph (b) does not supersede Minnesota Rules of Criminal Procedure, rule 26.04.

Sec. 18. Minnesota Statutes 2017 Supplement, section 626.556, subdivision 3, is amended to read:

Subd. 3. **Persons mandated to report; persons voluntarily reporting.** (a) A person who knows or has reason to believe a child is being neglected or physically or sexually abused, as defined in subdivision 2, or has been neglected or physically or sexually abused within the preceding three years, shall immediately report the information to the local welfare agency, agency responsible for assessing or investigating the

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report, police department, county sheriff, tribal social services agency, or tribal police department if the person is:

(1) a professional or professional's delegate who is engaged in the practice of the healing arts, social services, hospital administration, psychological or psychiatric treatment, child care, education, correctional supervision, probation and correctional services, or law enforcement; ~~or~~

(2) employed as a member of the clergy and received the information while engaged in ministerial duties, provided that a member of the clergy is not required by this subdivision to report information that is otherwise privileged under section 595.02, subdivision 1, paragraph (c)~~.~~; or

(3) a member of a board or other entity whose licensees perform work within a school facility.

(b) Any person may voluntarily report to the local welfare agency, agency responsible for assessing or investigating the report, police department, county sheriff, tribal social services agency, or tribal police department if the person knows, has reason to believe, or suspects a child is being or has been neglected or subjected to physical or sexual abuse.

(c) A person mandated to report physical or sexual child abuse or neglect occurring within a licensed facility shall report the information to the agency responsible for licensing or certifying the facility under sections 144.50 to 144.58; 241.021; 245A.01 to 245A.16; or chapter 144H, 245D, or 245H; or a nonlicensed personal care provider organization as defined in section 256B.0625, subdivision 19a. A health or corrections agency receiving a report may request the local welfare agency to provide assistance pursuant to subdivisions 10, 10a, and 10b. A board or other entity whose licensees perform work within a school facility, upon receiving a complaint of alleged maltreatment, shall provide information about the circumstances of the alleged maltreatment to the commissioner of education. Section 13.03, subdivision 4, applies to data received by the commissioner of education from a licensing entity.

(d) Notification requirements under subdivision 10 apply to all reports received under this section.

(e) For purposes of this section, "immediately" means as soon as possible but in no event longer than 24 hours.

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

Sec. 19. Minnesota Statutes 2016, section 626.556, subdivision 10, is amended to read:

Subd. 10. **Duties of local welfare agency and local law enforcement agency upon receipt of report; mandatory notification between police or sheriff and agency.** (a) The police department or the county sheriff shall immediately notify the local welfare agency or agency responsible for child protection reports under this section orally and in writing when a report is received. The local welfare agency or agency responsible for child protection reports shall immediately notify the local police department or the county sheriff orally and in writing when a report is received. The county sheriff and the head of every local welfare agency, agency responsible for child protection reports, and police department shall each designate a person within their agency, department, or office who is responsible for ensuring that the notification duties of this paragraph are carried out. When the alleged maltreatment occurred on tribal land, the local welfare agency or agency responsible for child protection reports and the local police department or the county sheriff shall immediately notify the tribe's social services agency and tribal law enforcement orally and in writing when a report is received. When a police department or county sheriff receives a report or otherwise has information indicating that a child has been the subject of physical abuse, sexual abuse, or neglect by a person licensed by the Professional Educator Licensing and Standards Board or Board of School Administrators, it shall, in addition to its other duties under this section, immediately inform the licensing board.

(b) Upon receipt of a report, the local welfare agency shall determine whether to conduct a family assessment or an investigation as appropriate to prevent or provide a remedy for child maltreatment. The local welfare agency:

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(1) shall conduct an investigation on reports involving sexual abuse or substantial child endangerment;

(2) shall begin an immediate investigation if, at any time when it is using a family assessment response, it determines that there is reason to believe that sexual abuse or substantial child endangerment or a serious threat to the child's safety exists;

(3) may conduct a family assessment for reports that do not allege sexual abuse or substantial child endangerment. In determining that a family assessment is appropriate, the local welfare agency may consider issues of child safety, parental cooperation, and the need for an immediate response;

(4) may conduct a family assessment on a report that was initially screened and assigned for an investigation. In determining that a complete investigation is not required, the local welfare agency must document the reason for terminating the investigation and notify the local law enforcement agency if the local law enforcement agency is conducting a joint investigation; and

(5) shall provide immediate notice, according to section 260.761, subdivision 2, to an Indian child's tribe when the agency has reason to believe the family assessment or investigation may involve an Indian child. For purposes of this clause, "immediate notice" means notice provided within 24 hours.

If the report alleges neglect, physical abuse, or sexual abuse by a parent, guardian, or individual functioning within the family unit as a person responsible for the child's care, or sexual abuse by a person with a significant relationship to the child when that person resides in the child's household or by a sibling, the local welfare agency shall immediately conduct a family assessment or investigation as identified in clauses (1) to (4). In conducting a family assessment or investigation, the local welfare agency shall gather information on the existence of substance abuse and domestic violence and offer services for purposes of preventing future child maltreatment, safeguarding and enhancing the welfare of the abused or neglected minor, and supporting and preserving family life whenever possible. If the report alleges a violation of a criminal statute involving sexual abuse, physical abuse, or neglect or endangerment, under section 609.378, the local law enforcement agency and local welfare agency shall coordinate the planning and execution of their respective investigation and assessment efforts to avoid a duplication of fact-finding efforts and multiple interviews. Each agency shall prepare a separate report of the results of its investigation or assessment. In cases of alleged child maltreatment resulting in death, the local agency may rely on the fact-finding efforts of a law enforcement investigation to make a determination of whether or not maltreatment occurred. When necessary the local welfare agency shall seek authority to remove the child from the custody of a parent, guardian, or adult with whom the child is living. In performing any of these duties, the local welfare agency shall maintain appropriate records.

If the family assessment or investigation indicates there is a potential for abuse of alcohol or other drugs by the parent, guardian, or person responsible for the child's care, the local welfare agency shall conduct a chemical use assessment pursuant to Minnesota Rules, part 9530.6615.

(c) When a local agency receives a report or otherwise has information indicating that a child who is a client, as defined in section 245.91, has been the subject of physical abuse, sexual abuse, or neglect at an agency, facility, or program as defined in section 245.91, it shall, in addition to its other duties under this section, immediately inform the ombudsman established under sections 245.91 to 245.97. The commissioner of education shall inform the ombudsman established under sections 245.91 to 245.97 of reports regarding a child defined as a client in section 245.91 that maltreatment occurred at a school as defined in section 120A.05, subdivisions 9, 11, and 13, and chapter 124E.

(d) Authority of the local welfare agency responsible for assessing or investigating the child abuse or neglect report, the agency responsible for assessing or investigating the report, and of the local law enforcement agency for investigating the alleged abuse or neglect includes, but is not limited to, authority to interview, without parental consent, the alleged victim and any other minors who currently reside with or who have resided with the alleged offender. The interview may take place at school or at any facility or other place where the alleged victim or other minors might be found or the child may be transported to, and

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the interview conducted at, a place appropriate for the interview of a child designated by the local welfare agency or law enforcement agency. The interview may take place outside the presence of the alleged offender or parent, legal custodian, guardian, or school official. For family assessments, it is the preferred practice to request a parent or guardian's permission to interview the child prior to conducting the child interview, unless doing so would compromise the safety assessment. Except as provided in this paragraph, the parent, legal custodian, or guardian shall be notified by the responsible local welfare or law enforcement agency no later than the conclusion of the investigation or assessment that this interview has occurred. Notwithstanding rule 32 of the Minnesota Rules of Procedure for Juvenile Courts, the juvenile court may, after hearing on an ex parte motion by the local welfare agency, order that, where reasonable cause exists, the agency withhold notification of this interview from the parent, legal custodian, or guardian. If the interview took place or is to take place on school property, the order shall specify that school officials may not disclose to the parent, legal custodian, or guardian the contents of the notification of intent to interview the child on school property, as provided under this paragraph, and any other related information regarding the interview that may be a part of the child's school record. A copy of the order shall be sent by the local welfare or law enforcement agency to the appropriate school official.

(e) When the local welfare, local law enforcement agency, or the agency responsible for assessing or investigating a report of maltreatment determines that an interview should take place on school property, written notification of intent to interview the child on school property must be received by school officials prior to the interview. The notification shall include the name of the child to be interviewed, the purpose of the interview, and a reference to the statutory authority to conduct an interview on school property. For interviews conducted by the local welfare agency, the notification shall be signed by the chair of the local social services agency or the chair's designee. The notification shall be private data on individuals subject to the provisions of this paragraph. School officials may not disclose to the parent, legal custodian, or guardian the contents of the notification or any other related information regarding the interview until notified in writing by the local welfare or law enforcement agency that the investigation or assessment has been concluded, unless a school employee or agent is alleged to have maltreated the child. Until that time, the local welfare or law enforcement agency or the agency responsible for assessing or investigating a report of maltreatment shall be solely responsible for any disclosures regarding the nature of the assessment or investigation.

Except where the alleged offender is believed to be a school official or employee, the time and place, and manner of the interview on school premises shall be within the discretion of school officials, but the local welfare or law enforcement agency shall have the exclusive authority to determine who may attend the interview. The conditions as to time, place, and manner of the interview set by the school officials shall be reasonable and the interview shall be conducted not more than 24 hours after the receipt of the notification unless another time is considered necessary by agreement between the school officials and the local welfare or law enforcement agency. Where the school fails to comply with the provisions of this paragraph, the juvenile court may order the school to comply. Every effort must be made to reduce the disruption of the educational program of the child, other students, or school staff when an interview is conducted on school premises.

(f) Where the alleged offender or a person responsible for the care of the alleged victim or other minor prevents access to the victim or other minor by the local welfare agency, the juvenile court may order the parents, legal custodian, or guardian to produce the alleged victim or other minor for questioning by the local welfare agency or the local law enforcement agency outside the presence of the alleged offender or any person responsible for the child's care at reasonable places and times as specified by court order.

(g) Before making an order under paragraph (f), the court shall issue an order to show cause, either upon its own motion or upon a verified petition, specifying the basis for the requested interviews and fixing the time and place of the hearing. The order to show cause shall be served personally and shall be heard in the same manner as provided in other cases in the juvenile court. The court shall consider the need for appointment of a guardian ad litem to protect the best interests of the child. If appointed, the guardian ad litem shall be present at the hearing on the order to show cause.

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(h) The commissioner of human services, the ombudsman for mental health and developmental disabilities, the local welfare agencies responsible for investigating reports, the commissioner of education, and the local law enforcement agencies have the right to enter facilities as defined in subdivision 2 and to inspect and copy the facility's records, including medical records, as part of the investigation. Notwithstanding the provisions of chapter 13, they also have the right to inform the facility under investigation that they are conducting an investigation, to disclose to the facility the names of the individuals under investigation for abusing or neglecting a child, and to provide the facility with a copy of the report and the investigative findings.

(i) The local welfare agency responsible for conducting a family assessment or investigation shall collect available and relevant information to determine child safety, risk of subsequent child maltreatment, and family strengths and needs and share not public information with an Indian's tribal social services agency without violating any law of the state that may otherwise impose duties of confidentiality on the local welfare agency in order to implement the tribal state agreement. The local welfare agency or the agency responsible for investigating the report shall collect available and relevant information to ascertain whether maltreatment occurred and whether protective services are needed. Information collected includes, when relevant, information with regard to the person reporting the alleged maltreatment, including the nature of the reporter's relationship to the child and to the alleged offender, and the basis of the reporter's knowledge for the report; the child allegedly being maltreated; the alleged offender; the child's caretaker; and other collateral sources having relevant information related to the alleged maltreatment. The local welfare agency or the agency responsible for investigating the report may make a determination of no maltreatment early in an investigation, and close the case and retain immunity, if the collected information shows no basis for a full investigation.

Information relevant to the assessment or investigation must be asked for, and may include:

(1) the child's sex and age; prior reports of maltreatment, including any maltreatment reports that were screened out and not accepted for assessment or investigation; information relating to developmental functioning; credibility of the child's statement; and whether the information provided under this clause is consistent with other information collected during the course of the assessment or investigation;

(2) the alleged offender's age, a record check for prior reports of maltreatment, and criminal charges and convictions. The local welfare agency or the agency responsible for assessing or investigating the report must provide the alleged offender with an opportunity to make a statement. The alleged offender may submit supporting documentation relevant to the assessment or investigation;

(3) collateral source information regarding the alleged maltreatment and care of the child. Collateral information includes, when relevant: (i) a medical examination of the child; (ii) prior medical records relating to the alleged maltreatment or the care of the child maintained by any facility, clinic, or health care professional and an interview with the treating professionals; and (iii) interviews with the child's caretakers, including the child's parent, guardian, foster parent, child care provider, teachers, counselors, family members, relatives, and other persons who may have knowledge regarding the alleged maltreatment and the care of the child; and

(4) information on the existence of domestic abuse and violence in the home of the child, and substance abuse.

Nothing in this paragraph precludes the local welfare agency, the local law enforcement agency, or the agency responsible for assessing or investigating the report from collecting other relevant information necessary to conduct the assessment or investigation. Notwithstanding sections 13.384 or 144.291 to 144.298, the local welfare agency has access to medical data and records for purposes of clause (3). Notwithstanding the data's classification in the possession of any other agency, data acquired by the local welfare agency or the agency responsible for assessing or investigating the report during the course of the assessment or investigation are private data on individuals and must be maintained in accordance with subdivision 11. Data of the commissioner of education collected or maintained during and for the purpose of an investigation

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of alleged maltreatment in a school are governed by this section, notwithstanding the data's classification as educational, licensing, or personnel data under chapter 13.

In conducting an assessment or investigation involving a school facility as defined in subdivision 2, paragraph (c), the commissioner of education shall collect investigative reports and data that are relevant to a report of maltreatment and are from local law enforcement and the school facility.

(j) Upon receipt of a report, the local welfare agency shall conduct a face-to-face contact with the child reported to be maltreated and with the child's primary caregiver sufficient to complete a safety assessment and ensure the immediate safety of the child. The face-to-face contact with the child and primary caregiver shall occur immediately if sexual abuse or substantial child endangerment is alleged and within five calendar days for all other reports. If the alleged offender was not already interviewed as the primary caregiver, the local welfare agency shall also conduct a face-to-face interview with the alleged offender in the early stages of the assessment or investigation. At the initial contact, the local child welfare agency or the agency responsible for assessing or investigating the report must inform the alleged offender of the complaints or allegations made against the individual in a manner consistent with laws protecting the rights of the person who made the report. The interview with the alleged offender may be postponed if it would jeopardize an active law enforcement investigation.

(k) When conducting an investigation, the local welfare agency shall use a question and answer interviewing format with questioning as nondirective as possible to elicit spontaneous responses. For investigations only, the following interviewing methods and procedures must be used whenever possible when collecting information:

(1) audio recordings of all interviews with witnesses and collateral sources; and

(2) in cases of alleged sexual abuse, audio-video recordings of each interview with the alleged victim and child witnesses.

(l) In conducting an assessment or investigation involving a school facility as defined in subdivision 2, paragraph (c), the commissioner of education shall collect available and relevant information and use the procedures in paragraphs (j) and (k), and subdivision 3d, except that the requirement for face-to-face observation of the child and face-to-face interview of the alleged offender is to occur in the initial stages of the assessment or investigation provided that the commissioner may also base the assessment or investigation on investigative reports and data received from the school facility and local law enforcement, to the extent those investigations satisfy the requirements of paragraphs (j) and (k), and subdivision 3d.

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

Sec. 20. Minnesota Statutes 2017 Supplement, section 626.556, subdivision 10e, is amended to read:

Subd. 10e. **Determinations.** (a) The local welfare agency shall conclude the family assessment or the investigation within 45 days of the receipt of a report. The conclusion of the assessment or investigation may be extended to permit the completion of a criminal investigation or the receipt of expert information requested within 45 days of the receipt of the report.

(b) After conducting a family assessment, the local welfare agency shall determine whether services are needed to address the safety of the child and other family members and the risk of subsequent maltreatment.

(c) After conducting an investigation, the local welfare agency shall make two determinations: first, whether maltreatment has occurred; and second, whether child protective services are needed. No determination of maltreatment shall be made when the alleged perpetrator is a child under the age of ten.

(d) If the commissioner of education conducts an assessment or investigation, the commissioner shall determine whether maltreatment occurred and what corrective or protective action was taken by the school facility. If a determination is made that maltreatment has occurred, the commissioner shall report to the

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employer, the school board, and any appropriate licensing entity the determination that maltreatment occurred and what corrective or protective action was taken by the school facility. In all other cases, the commissioner shall inform the school board or employer and any appropriate licensing entity that a report was received, the subject of the report, the date of the initial report, the category of maltreatment alleged as defined in paragraph (f), the fact that maltreatment was not determined, and a summary of the specific reasons for the determination.

(e) When maltreatment is determined in an investigation involving a facility, the investigating agency shall also determine whether the facility or individual was responsible, or whether both the facility and the individual were responsible for the maltreatment using the mitigating factors in paragraph (i). Determinations under this subdivision must be made based on a preponderance of the evidence and are private data on individuals or nonpublic data as maintained by the commissioner of education.

(f) For the purposes of this subdivision, "maltreatment" means any of the following acts or omissions:

(1) physical abuse as defined in subdivision 2, paragraph (k);

(2) neglect as defined in subdivision 2, paragraph (g);

(3) sexual abuse as defined in subdivision 2, paragraph (n);

(4) mental injury as defined in subdivision 2, paragraph (f); or

(5) maltreatment of a child in a facility as defined in subdivision 2, paragraph (c).

(g) For the purposes of this subdivision, a determination that child protective services are needed means that the local welfare agency has documented conditions during the assessment or investigation sufficient to cause a child protection worker, as defined in section 626.559, subdivision 1, to conclude that a child is at significant risk of maltreatment if protective intervention is not provided and that the individuals responsible for the child's care have not taken or are not likely to take actions to protect the child from maltreatment or risk of maltreatment.

(h) This subdivision does not mean that maltreatment has occurred solely because the child's parent, guardian, or other person responsible for the child's care in good faith selects and depends upon spiritual means or prayer for treatment or care of disease or remedial care of the child, in lieu of medical care. However, if lack of medical care may result in serious danger to the child's health, the local welfare agency may ensure that necessary medical services are provided to the child.

(i) When determining whether the facility or individual is the responsible party, or whether both the facility and the individual are responsible for determined maltreatment in a facility, the investigating agency shall consider at least the following mitigating factors:

(1) whether the actions of the facility or the individual caregivers were according to, and followed the terms of, an erroneous physician order, prescription, individual care plan, or directive; however, this is not a mitigating factor when the facility or caregiver was responsible for the issuance of the erroneous order, prescription, individual care plan, or directive or knew or should have known of the errors and took no reasonable measures to correct the defect before administering care;

(2) comparative responsibility between the facility, other caregivers, and requirements placed upon an employee, including the facility's compliance with related regulatory standards and the adequacy of facility policies and procedures, facility training, an individual's participation in the training, the caregiver's supervision, and facility staffing levels and the scope of the individual employee's authority and discretion; and

(3) whether the facility or individual followed professional standards in exercising professional judgment.

The evaluation of the facility's responsibility under clause (2) must not be based on the completeness of the risk assessment or risk reduction plan required under section 245A.66, but must be based on the facility's

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compliance with the regulatory standards for policies and procedures, training, and supervision as cited in Minnesota Statutes and Minnesota Rules.

(j) Notwithstanding paragraph (i), when maltreatment is determined to have been committed by an individual who is also the facility license or certification holder, both the individual and the facility must be determined responsible for the maltreatment, and both the background study disqualification standards under section 245C.15, subdivision 4, and the licensing or certification actions under section 245A.06, 245A.07, 245H.06, or 245H.07 apply.

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

Sec. 21. Minnesota Statutes 2016, section 631.40, subdivision 1a, is amended to read:

Subd. 1a. **Certified copy of disqualifying offense convictions sent to public safety and school districts.** When a person is convicted of committing a disqualifying offense, as defined in section 171.3215, subdivision 1, a gross misdemeanor, a fourth moving violation within the previous three years, or a violation of section 169A.20, or a similar statute or ordinance from another state, or if the person received a stay of adjudication for an offense that, if convicted of, would require predatory offender registration under section 243.166, the court shall determine whether the offender is a school bus driver as defined in section 171.3215, subdivision 1, whether the offender possesses a school bus driver's endorsement on the offender's driver's license and in what school districts the offender drives a school bus. If the offender is a school bus driver or possesses a school bus driver's endorsement, the court administrator shall send a certified copy of the conviction or stay of adjudication to the Department of Public Safety and to the school districts in which the offender drives a school bus within ten days after the conviction or stay of adjudication.

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

Sec. 22. Laws 2017, First Special Session chapter 5, article 3, section 3, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~July~~ October 1, 2018.

Sec. 23. Laws 2017, First Special Session chapter 5, article 3, section 4, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~July~~ October 1, 2018.

Sec. 24. Laws 2017, First Special Session chapter 5, article 3, section 5, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~July~~ October 1, 2018.

Sec. 25. Laws 2017, First Special Session chapter 5, article 3, section 6, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~July~~ October 1, 2018.

Sec. 26. Laws 2017, First Special Session chapter 5, article 3, section 7, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~July~~ October 1, 2018.

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Sec. 27. Laws 2017, First Special Session chapter 5, article 3, section 8, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~July~~ October 1, 2018.

Sec. 28. Laws 2017, First Special Session chapter 5, article 3, section 9, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~July~~ October 1, 2018.

Sec. 29. Laws 2017, First Special Session chapter 5, article 3, section 10, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~July~~ October 1, 2018.

Sec. 30. Laws 2017, First Special Session chapter 5, article 3, section 11, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~July~~ October 1, 2018.

Sec. 31. Laws 2017, First Special Session chapter 5, article 3, section 12, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~July~~ October 1, 2018.

Sec. 32. Laws 2017, First Special Session chapter 5, article 3, section 13, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~July~~ October 1, 2018.

Sec. 33. Laws 2017, First Special Session chapter 5, article 3, section 14, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~July~~ October 1, 2018.

Sec. 34. Laws 2017, First Special Session chapter 5, article 3, section 15, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~July~~ October 1, 2018.

Sec. 35. Laws 2017, First Special Session chapter 5, article 3, section 16, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~July~~ October 1, 2018.

Sec. 36. Laws 2017, First Special Session chapter 5, article 3, section 36, is amended to read:

Sec. 36. **REPEALER.**

(a) Minnesota Statutes 2016, sections 122A.14, subdivision 5; and 122A.162, are repealed effective January 1, 2018.

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(b) Minnesota Statutes 2016, sections 122A.163; 122A.18, subdivisions 2a, 3, 3a, 4, 4a, 6, 7, and 7b; 122A.21, subdivision 2; 122A.23, subdivisions 1 and 2; 122A.245; and 122A.25, are repealed effective ~~July~~ October 1, 2018.

Sec. 37. **SURVEY OF TEACHER PREPARATION PROGRAMS.**

The Professional Educator Licensing and Standards Board must survey board-approved teacher preparation programs for teachers of elementary education, early childhood education, special education, and reading intervention to determine the extent of dyslexia instruction offered by the programs. The board may consult with the dyslexia specialist at the Department of Education when developing the survey and reviewing the teacher preparation program responses. The board must report its findings to the chairs and ranking minority members of the legislative committees having jurisdiction over kindergarten through grade 12 education policy and finance by January 2, 2019. The report must include information on teacher preparation program instruction on screening for characteristics of dyslexia, evidence-based instructional strategies for students showing characteristics of dyslexia, and best practices for assisting students showing characteristics of dyslexia and their families. The report must be submitted in accordance with Minnesota Statutes, section 3.195.

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

Sec. 38. **TIERED LICENSURE RULES.**

If the Professional Educator Licensing and Standards Board has not adopted tiered licensure rules by October 1, 2018, the board must adopt in rule sections 39 to 56, which expire upon the adoption of the tiered licensure rules. The board must adopt the rules required by this section using the good cause exemption under Minnesota Statutes, section 14.388, no later than October 1, 2018.

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

Sec. 39. **DEFINITIONS AND GENERAL RULES FOR TEACHING LICENSES.**

Subdivision 1. **Definitions.** (a) For the purposes of sections 40 to 47, the terms in this subdivision have the meanings given them.

(b) "Assignment" means the course or courses taught in a school for which students are granted credit.

(c) "Board" means the Professional Educator Licensing and Standards Board.

(d) "District" means a school district or a charter school.

(e) "Field specific methods" means differentiated instructional strategies targeting content and pedagogy for a singular licensure area to enable student learning.

(f) "Good cause" means an applicant is unable to meet the requirements of a higher licensure tier due to the lack of a reasonable path to a higher licensure tier or the path to a higher licensure tier causes an undue burden on the applicant, as approved or denied by the board.

(g) "Innovative program" means a school within a district that is either a state-approved area learning center or alternative learning program or provides a school board resolution designating the school as an innovative program, including the reason for the designation.

(h) "Licensure area" or "licensure field" means the content taught for which standards have been adopted in Minnesota Rules.

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(i) "Professional license from another state" means a teaching license from a state other than Minnesota that allows the individual to be a teacher of record.

(j) "Related services teacher" means a teacher who holds a license issued by the board consistent with Minnesota Statutes, section 122A.06, subdivision 2, and who meets the requirements for a license issued pursuant to sections 50 to 54 and Minnesota Rules, parts 8710.6000 to 8710.6400.

(k) "Student teaching" means a minimum of 12 weeks when an individual enrolled in a teacher preparation program assumes teacher responsibilities while working with a cooperating teacher who holds a Tier 3 or 4 license or a professional license from another state in the subject area and a provider supervisor to practice and demonstrate the necessary development of the individual's knowledge, skills, and dispositions to become a teacher. A student teaching experience includes observation, feedback, and evaluation from the cooperating teacher and provider supervisor.

(l) "Teacher of record" means an individual who is responsible for the planning, instruction, and assessment of students in a classroom and authorized to grant students credit for meeting standards attributed to the content taught, or is part of a co-teaching assignment.

(m) "Teacher preparation program" means a program approved by the board or the state where the program resides that trains candidates in educational pedagogy and content-specific pedagogy for any subset of the scope of licensure for students from birth to 21 years of age.

(n) "Teaching license" or "teacher license" means a license that permits an individual to be teacher of record. This includes Tier 1, Tier 2, Tier 3, and Tier 4 licenses issued under sections 40 to 43.

Subd. 2. **Teaching licenses, in general.** (a) Teaching licenses must be granted by the board to applicants who meet all requirements of applicable statutes and rules.

(b) An applicant must qualify separately for each licensure area for which an application is made.

(c) A license becomes valid on the date issued by the board and expires on June 30 of the expiration year. A Tier 1 or Tier 2 license, out-of-field permission, or innovative program permission can be used until September 1 after the date of expiration if the placement is in a summer school program at the district aligned to the license or is part of a year-round school at the district aligned to the licensure area.

(d) The board must request a criminal history background check be performed by the Bureau of Criminal Apprehension consistent with Minnesota Statutes, section 122A.18, subdivision 8, upon an individual applying for a teaching license or substitute license for the first time. Upon renewal of a teaching license, permission, or substitute license, the board must perform a new background check on the license holder that includes a review for national arrests, charges, and convictions if a background check has not been completed on the license holder within the last five years.

Subd. 3. **Addition to a Tier 3 or 4 license.** When a licensure area is added to a Tier 3 or 4 license issued under sections 42 and 43, the expiration date is the date previously established for the Tier 3 or 4 license in effect.

Subd. 4. **Movement between tiers.** Teachers may apply to obtain a license in a higher licensure tier at any time after the requirements for the higher tier have been met. The teacher must be granted the license under a higher tier upon review and approval by the board pursuant to the rules established for the license sought. Applicants may obtain a license in a lower licensure tier only if they hold a Tier 2 license in one licensure field and a district requests to hire the applicant for a different licensure field in which the applicant does not meet the requirements for a Tier 2 license. A teacher may simultaneously hold a Tier 1 and a Tier 2 license under this subdivision.

Subd. 5. **Multiple expiration dates.** If a license holder has completed and verified the renewal requirements for a currently held Tier 3 or 4 license issued under sections 42 and 43, the license holder may renew a currently held Tier 3 or 4 license up to one year before the expiration date for the purpose of

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consolidating multiple expiration dates of any Tier 3 or 4 licenses held into one expiration date. The consolidation of multiple expiration dates must be consolidated within a single tier.

Subd. 6. **Appeal.** An applicant who is denied a teaching license by the board or who is issued a license under a different licensure tier than what was sought may appeal the board's decision under Minnesota Rules, part 8710.0900, and Minnesota Statutes, chapter 14, and Minnesota Statutes, section 122A.188.

Subd. 7. **Licenses issued in error.** A license issued in error to a person who does not qualify for the license must be corrected without charge to the license holder, and the corrections must be made without a hearing under Minnesota Rules, part 8710.0900, and Minnesota Statutes, chapter 14. A license issued in error is not valid.

Subd. 8. **Report.** The board must issue an annual report by September 1 that summarizes the previous fiscal year's Tier 1, 2, 3, and 4 licenses and out-of-field and innovative program permissions, organized by licensure field, race and ethnicity, and district.

Subd. 9. **Fees.** An applicant must pay an application fee for the review of the license pursuant to Minnesota Statutes, section 122A.21.

Sec. 40. **TIER 1 LICENSE.**

Subdivision 1. **Purpose.** If a district is unable to fill an open position with a teacher holding a Tier 2, 3, or 4 license, a Tier 1 license must be issued, consistent with this section, to an applicant who does not hold a Tier 2, 3, or 4 license on behalf of a district request except as provided in section 39, subdivision 4. A Tier 1 license authorizes the license holder to teach within the requesting district and the specific licensure field in the application.

Subd. 2. **Requirements.** (a) The board must issue a Tier 1 license to an applicant upon request by the designated administrator of the hiring district. The applicant must initiate the application process and meet the requirements of this subdivision.

(b) The applicant must:

(1) hold the minimum of a bachelor's degree from a college or university located in the United States that is regionally accredited by the Higher Learning Commission or by the regional association for accreditation of colleges and secondary schools, as verified by a college transcript;

(2) hold a credential from outside the United States that is equivalent to a bachelor's degree, as verified by a credential evaluation completed by a credential evaluator approved by the National Association of Credential Evaluation Services or other board-approved credential evaluation service; or

(3) for applicants in career and technical education fields and career pathway courses of study, have one of the following:

(i) five years of relevant work experience aligned to the assignment;

(ii) an associate's degree aligned to the assignment; or

(iii) a professional certification aligned to the assignment.

(c) The hiring district must show the position was posted for at least 15 days on the board-approved statewide job board.

(d) The hiring district must affirm the applicant:

(1) will participate in a mentorship program, as available;

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(2) will participate in an evaluation aligned to the district's teacher development and evaluation model under Minnesota Statutes, section 122A.40, subdivision 8, or 122A.41, subdivision 5, or, if the statutory models are not practicable, to another identified district-aligned evaluation; and

(3) has the necessary skills and knowledge to teach in the content field aligned to the assignment.

(e) A committee of board staff designated by the board must review applications that meet board criteria for an emergency placement under this subdivision within two business days. The committee may immediately issue an interim permission for a qualified Tier 1 license based on board-adopted minimum qualifications criteria pending review by the board. The interim permission expires at the first possible review by the full board. The board must review applications after the position has been posted on the board-approved statewide job board for 15 days.

Subd. 3. **Duration.** A Tier 1 license is valid for up to one year and expires on June 30 of the expiration year.

Subd. 4. **Position change.** If a Tier 1 license holder moves to another licensure area within a district or to another district, prior to the expiration of the Tier 1 license, the license holder must initiate a new application, including paying the application fee, and the hiring district must meet the requirements under subdivision 2 for the new position. The applicant is not required to complete a new background check by the board. The Tier 1 license issued by the board under this subdivision is considered a new license, not a renewal.

Sec. 41. **TIER 2 LICENSE.**

Subdivision 1. **Purpose.** A Tier 2 license must be issued, consistent with this section, to an applicant on behalf of a district request. A Tier 2 license authorizes the license holder to teach within the requesting district and the specific licensure field in the application.

Subd. 2. **Requirements.** (a) The board must issue a Tier 2 license to an applicant upon request by the designated administrator of the hiring district. The applicant must initiate the application process and must meet the requirements of this subdivision.

(b) The applicant must:

(1) hold the minimum of a bachelor's degree from a college or university located in the United States that is regionally accredited by the Higher Learning Commission or by the regional association for accreditation of colleges and secondary schools, as verified by a college transcript;

(2) hold a credential from outside the United States that is equivalent to a bachelor's degree, as verified by a credential evaluation completed by a credential evaluator approved by the National Association of Credential Evaluation Services or other board-approved credential evaluation service; or

(3) for applicants in career and technical education fields and career pathway courses of study, have one of the following:

(i) five years of relevant work experience aligned to the assignment;

(ii) an associate's degree aligned to the assignment; or

(iii) a professional certification aligned to the assignment.

(c) The applicant must:

(1) be enrolled in a board-approved teacher preparation program aligned to the licensure field;

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(2) hold a master's degree, or equivalent, aligned to the assignment from a college or university located in the United States that is regionally accredited by the Higher Learning Commission or by the regional association for accreditation of colleges and secondary schools, as verified by a college transcript; or

(3) show completion of two of the following:

(i) at least eight upper division or graduate-level credits aligned to the assignment;

(ii) field-specific methods in a state-approved teacher preparation program aligned to the assignment;

(iii) at least two years of experience teaching as the teacher of record aligned to the assignment;

(iv) board-adopted pedagogy and content examinations with passing scores aligned to the licensure area. Any licensure area that does not have a board-approved content examination is exempt from the content examination requirement; or

(v) a state-approved teacher preparation program aligned to the licensure area.

(d) The hiring district must affirm the applicant will participate in mentorship as available and evaluation aligned to the district's teacher development and evaluation model under Minnesota Statutes, section 122A.40, subdivision 8, or 122A.41, subdivision 5, or, if the statutory models are not practicable, to another identified district-aligned evaluation.

Subd. 3. **Duration.** A Tier 2 license is valid for up to two years and expires on June 30 of the expiration year.

Subd. 4. **Position change.** If a Tier 2 license holder moves to another licensure area within a district or to another district, prior to the expiration of the Tier 2 license, the license holder must initiate a new application, including paying the application fee, and the hiring district must meet the requirements under subdivision 2 for the new position. The applicant is not required to complete a new background check by the board. The Tier 2 license issued by the board under this subdivision is considered a new license, not a renewal.

Sec. 42. **TIER 3 LICENSE.**

Subdivision 1. **Purpose.** A Tier 3 license must be issued to an applicant, consistent with this section, aligned to the scope and field of the applicant's training and experience. A Tier 3 license authorizes the license holder to teach within the specific licensure field for which board rules exist.

Subd. 2. **Requirements.** (a) The board must issue a Tier 3 license if the applicant meets all of the requirements of this subdivision.

(b) The applicant must:

(1) hold the minimum of a bachelor's degree from a college or university located in the United States that is regionally accredited by the Higher Learning Commission or by the regional association for accreditation of colleges and secondary schools, as verified by a college transcript;

(2) hold a credential from outside the United States that is equivalent to a bachelor's degree, as verified by a credential evaluation completed by a credential evaluator approved by the National Association of Credential Evaluation Services or other board-approved credential evaluation service; or

(3) for applicants in career and technical education fields and career pathway courses of study, have one of the following:

(i) five years of relevant work experience aligned to the licensure area sought;

(ii) an associate's degree aligned to the licensure area sought; or

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(iii) a professional certification aligned to the licensure area sought from an approved certifying organization.

(c) The applicant must obtain passing scores on the board-approved pedagogy and content examinations aligned to the licensure area sought. Any licensure area that does not have a board-approved content examination is exempt from the content examination requirement.

(d) The applicant must show one of the following:

(1) completion of a board-approved conventional, nonconventional, or alternative teacher preparation program aligned to the licensure area sought. The board must accept certifications in related services positions under sections 50 to 54 and Minnesota Rules, parts 8710.6000 to 8710.6400, in lieu of completion of a board-approved teacher preparation program;

(2) completion of a preparation program approved in another state aligned to the licensure area sought that included field-specific student teaching equivalent to field-specific student teaching in Minnesota-approved teacher preparation programs. The applicant is exempt from field-specific student teaching if the applicant has at least two years of field-specific experience teaching as the teacher of record in the licensure area sought;

(3) recommendation for licensure via portfolio application aligned to the licensure area sought;

(4) holds or held a professional license from another state in good standing aligned to the licensure area sought with at least two years of experience teaching as the teacher of record aligned to the licensure area sought; or

(5) has at least three years of experience teaching as the teacher of record aligned to the licensure area sought under a Tier 2 license and presents evidence of summative teacher evaluations that did not result in placing or otherwise keeping the teacher on an improvement process aligned to the district's teacher development and evaluation plan.

Subd. 3. **Duration.** A Tier 3 license is valid for up to three years and expires on June 30 of the expiration year.

Subd. 4. **Restrictions.** (a) An applicant whose content training or experience does not align to a currently approved Minnesota license, but for which past rules have been adopted, and who meets all other requirements of subdivision 2, must be issued a Tier 3 license restricted to the scope and licensure area of the applicant's content training or experience.

(b) Applicants with content training and experience within two grade levels of a currently approved Minnesota licensure scope must be granted the full scope of the Minnesota license.

(c) Applicants who meet the requirements of subdivision 2, paragraphs (b) and (c), from a Montessori Accreditation Council for Teacher Education accredited training center must be issued a Tier 3 license restricted to a Montessori setting and aligned to the scope of training.

Sec. 43. **TIER 4 LICENSE.**

Subdivision 1. **Purpose.** A Tier 4 license authorizes the license holder, consistent with this section, to teach in the field and scope aligned to the license holder's preparation. A Tier 4 license indicates the license holder has had at least three years of experience in Minnesota within the field and scope of licensure and completed the professional development requirements mandated by statute.

Subd. 2. **Requirements.** (a) The board must issue a Tier 4 license if the applicant meets all of the requirements of this subdivision.

(b) The applicant must:

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(1) hold the minimum of a bachelor's degree from a college or university located in the United States that is regionally accredited by the Higher Learning Commission or by the regional association for accreditation of colleges and secondary schools, as verified by a college transcript;

(2) hold a credential from outside the United States that is equivalent to a bachelor's degree, as verified by a credential evaluation completed by a credential evaluator approved by the National Association of Credential Evaluation Services or other board-approved credential evaluation service; or

(3) for applicants in career and technical education fields and career pathway courses of study, have one of the following:

(i) five years of relevant work experience aligned to the licensure area sought;

(ii) an associate's degree aligned to the licensure area sought; or

(iii) a professional certification aligned to the licensure area sought from an approved certifying organization.

(c) The applicant must have completed one of the following:

(1) a board-approved conventional, nonconventional, or alternative teacher preparation program aligned to the licensure area sought. The board must accept certifications in related services positions under sections 50 to 54 and Minnesota Rules, parts 8710.6000 to 8710.6400, in lieu of completion of a board-approved teacher preparation program; or

(2) a preparation program approved in another state aligned to the licensure area sought that included field-specific student teaching equivalent to field-specific student teaching in Minnesota-approved teacher preparation programs. The applicant is exempt from field-specific student teaching if the applicant has at least two years of field-specific experience teaching as the teacher of record.

(d) The applicant must obtain passing scores on the board-approved skills, pedagogy, and content examinations aligned to the licensure area sought. Any licensure area that does not have a board-approved content examination is exempt from the content examination requirement.

(e) The applicant must have at least three years of experience teaching in Minnesota as the teacher of record.

(f) The applicant's most recent summative evaluation must not have resulted in placing or otherwise keeping the teacher in an improvement process aligned to the district's teacher development and evaluation plan.

(g) The applicant must have participated in mentorship and evaluation aligned to the district's teacher development and evaluation model under Minnesota Statutes, section 122A.40, subdivision 8, or 122A.41, subdivision 5, or, if the statutory models are not practicable, to another identified district-aligned evaluation.

Subd. 3. **Adding a Tier 4 license.** To add an additional Tier 4 license, the applicant must show evidence of meeting the requirements of subdivision 2, paragraph (d), and section 42, subdivision 2, paragraph (d), clause (1), (2), or (3), in the licensure area sought. An applicant may add a teachers of science endorsement by meeting the requirements of Minnesota Rules, part 8710.4770.

Subd. 4. **Duration.** A Tier 4 license is valid for up to five years and expires on June 30 of the expiration year.

Subd. 5. **Restrictions.** (a) An applicant whose content training or experience does not align to a currently approved Minnesota license, but for which past rules have been adopted, and who meets all other requirements of this part must be issued a Tier 4 license restricted to the scope and licensure area of the applicant's content training or experience.

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(b) Applicants with content training and experience within two grade levels of a currently approved Minnesota licensure scope must be granted the full scope of the Minnesota license.

Sec. 44. **OUT-OF-FIELD PERMISSION.**

Subdivision 1. **Purpose.** An out-of-field permission authorizes a teacher holding a Tier 3 or 4 license, consistent with this section, to teach in a field not aligned with the Tier 3 or 4 license.

Subd. 2. **Requirements.** (a) The board must issue an out-of-field permission upon request by the designated administrator of the hiring district. The applicant must initiate the application process, and the hiring district must show:

(1) the applicant holds a valid Tier 3 or 4 license;

(2) the applicant holds a license other than for a related services position under sections 50 to 54 and Minnesota Rules, parts 8710.6000 to 8710.6400;

(3) the applicant approves the request; and

(4) the position was posted for at least 15 days on the board-approved statewide job board.

(b) A committee of board staff designated by the board must review applications requesting emergency placements under this subdivision within two business days. The committee may immediately issue an out-of-field permission based on board-adopted criteria pending review by the board. The board must review applications after the position has been posted on the board-approved statewide job board for 15 days.

Subd. 3. **Duration.** An out-of-field permission is valid for up to one year and expires on June 30 of the expiration year.

Subd. 4. **Limitations and exceptions.** (a) An individual cannot hold an out-of-field permission to work in a related services position.

(b) An out-of-field permission is limited to the licensure area and the district for which it was granted.

(c) An out-of-field permission granted for a summer school only position may be renewed an unlimited number of times.

Sec. 45. **INNOVATIVE PROGRAM PERMISSION.**

Subdivision 1. **Purpose.** An innovative program permission authorizes a licensed teacher, consistent with this section, to teach multiple fields within an established innovative program.

Subd. 2. **Requirements.** The board must issue an innovative program permission upon request by the designated administrator of the hiring district. The applicant must initiate the application process, and the hiring district must show:

(1) the applicant holds a Tier 3 or 4 license; and

(2) the teaching assignment is within an innovative program.

Subd. 3. **Duration.** An innovative program permission is valid for up to one year and expires on June 30 of the expiration year.

Subd. 4. **Renewal.** An innovative program permission may be renewed an unlimited number of times.

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Sec. 46. **SHORT-CALL SUBSTITUTE LICENSE.**

Subdivision 1. **Purpose.** A short-call substitute license authorizes the license holder to replace the same teacher of record for no more than 15 consecutive school days.

Subd. 2. **Requirements.** The board must issue a short-call substitute license to an applicant who meets the requirements of this subdivision. The applicant must:

(1) hold the minimum of a bachelor's degree from a college or university located in the United States that is regionally accredited by the Higher Learning Commission or by the regional association for accreditation of colleges and secondary schools, as verified by a college transcript;

(2) hold a credential from outside the United States that is equivalent to a bachelor's degree, as verified by a credential evaluation completed by a credential evaluator approved by the National Association of Credential Evaluation Services or other board-approved credential evaluation service;

(3) for applicants in career and technical education fields and career pathway courses of study, have one of the following:

(i) five years of relevant work experience aligned to the assignment;

(ii) an associate's degree aligned to the assignment;

(iii) a professional certification aligned to the assignment from an approved certifying organization; or

(iv) be enrolled in and making meaningful progress, as defined by the provider, in a board-approved teacher preparation program and have successfully completed student teaching to be employed as a short-call substitute teacher.

Subd. 3. **Duration.** A short-call substitute license is valid for up to three years and expires on June 30 of the expiration year.

Subd. 4. **Renewal.** An applicant must reapply for a short-call substitute license upon its expiration.

Sec. 47. **LIFETIME SUBSTITUTE LICENSE.**

Subdivision 1. **Purpose.** A lifetime substitute license is issued, consistent with this section, to a retired teacher and authorizes the license holder to replace a teacher of record who is on an approved leave of absence.

Subd. 2. **Requirements.** The board must issue a lifetime substitute license to an applicant who meets one of the following:

(1) holds or held a Tier 3 or 4 license, a Minnesota five-year standard license or its equivalent, or a professional license from another state and receives a retirement annuity as a result of the person's teaching experience; or

(2) holds or held a Tier 3 or 4 license or a Minnesota five-year standard license or its equivalent, taught for at least three years in an accredited nonpublic school in Minnesota, and receives a retirement annuity as a result of the person's teaching experience.

Subd. 3. **Duration.** A lifetime substitute license does not expire.

Subd. 4. **Limitations.** A teacher holding a lifetime substitute license may replace the same teacher of record on an approved leave of absence for more than 15 consecutive school days if the substitute teacher's previous Tier 3 or 4 license, Minnesota five-year standard license or its equivalent, or professional license from another state is aligned to the assignment.

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Sec. 48. **TEACHERS OF READING.**

A candidate for licensure to teach reading to students in kindergarten through grade 12 shall hold or qualify for a teaching license, as defined in section 39, valid for one or more of the following student levels: elementary, middle, or secondary.

Sec. 49. **READING LEADER.**

A candidate for licensure to teach reading to students in kindergarten through grade 12 shall hold or qualify for a teaching license, as defined in section 39, valid for one or more of the following student levels: elementary, middle, or secondary.

Sec. 50. **SPEECH-LANGUAGE PATHOLOGIST.**

Subdivision 1. **Exceptions.** A speech-language pathologist teacher is not required to pass content, pedagogy, or basic skills examinations.

Subd. 2. **Requirements for Tier 2 license.** (a) A Tier 2 license issued under section 41 must be issued to a speech-language pathologist teacher if the requirements of this subdivision are met.

(b) The applicant must:

(1) hold a baccalaureate degree in speech-language pathology or communication disorders; and

(2) be enrolled in a master's degree program. The recommending institution must agree in writing to provide supervision for the speech-language pathologist teacher.

(c) The hiring district must:

(1) request a Tier 2 license from the board; and

(2) affirm the applicant will participate in an evaluation aligned to the district's teacher development and evaluation model under Minnesota Statutes, section 122A.40, subdivision 8, or 122A.41, subdivision 5, or if the statutory models are not practicable, to another identified district-aligned evaluation.

Subd. 3. **Requirements for Tier 3 license.** A Tier 3 license issued under section 42 must be issued to a speech-language pathologist teacher if the applicant provides evidence of:

(1) having completed a master's degree in speech-language pathology from a program accredited by the Council on Academic Affairs of the American Speech-Language-Hearing Association; or

(2) holding a valid certificate of clinical competence from the American Speech-Language-Hearing Association.

Subd. 4. **Requirements for Tier 4 license.** A Tier 4 license issued under section 43 must be issued to a speech-language pathologist teacher if the applicant:

(1) meets all requirements for a Tier 3 license under subdivision 3;

(2) has at least three years of experience as a speech-language pathologist teacher in Minnesota schools; and

(3) was not placed or otherwise kept in an improvement process aligned to the district's teacher development and evaluation plan by the applicant's most recent summative evaluation.

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Sec. 51. **SCHOOL NURSE.**

Subdivision 1. **Exceptions.** A school nurse is not required to pass content, pedagogy, or basic skills examinations.

Subd. 2. **Requirements for Tier 3 license.** A Tier 3 license issued under section 42 must be issued to a school nurse if the applicant:

(1) holds a baccalaureate degree in nursing from a regionally accredited college or university;

(2) is currently registered in Minnesota to practice as a licensed registered nurse under the Board of Nursing; and

(3) is currently registered in Minnesota as a public health nurse under the Board of Nursing.

Subd. 3. **Requirements for Tier 4 license.** A Tier 4 license issued under section 43 must be issued to a school nurse if the applicant:

(1) meets all requirements for a Tier 3 license under subdivision 2;

(2) has at least three years of experience as a school nurse in Minnesota; and

(3) was not placed or otherwise kept in an improvement process aligned to the district's teacher development and evaluation plan by the applicant's most recent summative evaluation.

Subd. 4. **Maintaining board of nursing registration.** In order to retain licensure as a school nurse, current registration as a registered nurse and registration as a public health nurse must be maintained at all times. Lapse of this registration or licensure is grounds for revocation of licensure as a school nurse.

Persons without baccalaureate degrees who hold valid licenses as school nurses may continue to renew their licenses under this subdivision, provided that requirements for renewal are met. However, if a license is allowed to lapse, persons must meet the licensure requirements in subdivision 2 or 3 in order to receive a current school nurse license.

Sec. 52. **SCHOOL PSYCHOLOGIST.**

Subdivision 1. **Exceptions.** A school psychologist is not required to pass content, pedagogy, or basic skills examinations.

Subd. 2. **Requirements for Tier 2 license.** (a) A Tier 2 license issued under section 41 must be issued to a school psychologist if the requirements of this subdivision are met.

(b) The applicant must:

(1) provide evidence that the applicant has completed a school psychology program not accredited by the National Association of School Psychologists and does not hold a National School Psychologist Certification; or

(2) hold a master's degree or equivalent in a school psychology program and provide verification of completion of at least three years of preparation required for licensure as a school psychologist. The recommending institution must verify completion of at least three years of preparation required for licensure as a school psychologist, affirm that the institution will assist in designing the learning experience, and provide supervision during the learning experience.

(c) The hiring district must:

(1) request a Tier 2 license from the board;

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(2) affirm the applicant will participate in an evaluation aligned to the district's teacher development and evaluation model under Minnesota Statutes, section 122A.40, subdivision 8, or 122A.41, subdivision 5, or if the statutory models are not practicable, to another identified district-aligned evaluation; and

(3) if the applicant obtains a Tier 2 license pursuant to paragraph (b), clause (2), assign a school psychologist who holds a Tier 3 or Tier 4 license issued under sections 42 and 43 to supervise the applicant.

Subd. 3. **Tier 2 license duration; renewal.** (a) A Tier 2 license issued under subdivision 2, paragraph (b), clause (1), is valid for up to two years, expires on June 30 of the expiration year, and may be renewed one time pursuant to board rules.

(b) A Tier 2 license issued under subdivision 2, paragraph (b), clause (2), may be used only in the requesting district, is valid for up to one school year, and expires on the June 30 following the date of issuance. The license may be renewed one time upon application to the board if the applicant must complete the equivalent of one school year of internship experience during the following school year. The license shall be revoked by the board if it is demonstrated that the intent and purpose of the licensure have not been fulfilled.

Subd. 4. **Requirements for Tier 3 license.** A Tier 3 license issued under section 42 must be issued to a school psychologist if the applicant has completed a preparation program in school psychology accredited by the National Association of School Psychologists.

Subd. 5. **Requirements for Tier 4 license.** A Tier 4 license issued under section 43 must be issued to a school psychologist if the applicant:

(1) meets all requirements for a Tier 3 license issued under subdivision 4;

(2) has at least three years of experience working as a school psychologist in Minnesota; and

(3) was not placed or otherwise kept in an improvement process aligned to the district's teacher development and evaluation plan by the applicant's most recent summative evaluation.

Sec. 53. **SCHOOL SOCIAL WORKER.**

Subdivision 1. **Exceptions.** A school social worker is not required to pass content, pedagogy, or basic skills examinations.

Subd. 2. **Requirements for Tier 3 license.** A Tier 3 license issued under section 42 must be issued to a school social worker if the applicant:

(1) holds a baccalaureate or master's degree in social work from a program accredited by the Council on Social Work Education; and

(2) is currently licensed in Minnesota to practice as a social worker under the Board of Social Work.

Subd. 3. **Requirements for Tier 4 license.** A Tier 4 license issued under section 43 must be issued to a school social worker if the applicant:

(1) meets all requirements for a Tier 3 license under subdivision 2;

(2) has at least three years of experience working as a school social worker in Minnesota; and

(3) was not placed or otherwise kept in an improvement process aligned to the district's teacher development and evaluation plan by the applicant's most recent summative evaluation.

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Sec. 54. **SCHOOL COUNSELOR.**

Subdivision 1. **Exceptions.** A school counselor is not required to pass content, pedagogy, or basic skills examinations.

Subd. 2. **Requirements for Tier 2 license.** (a) A Tier 2 license issued under section 41 must be issued to a school counselor if the requirements of this subdivision are met.

(b) The applicant must:

(1) hold a baccalaureate degree;

(2) be enrolled in an accredited school counselor education program;

(3) have accumulated no less than 24 semester credit hours in school counseling-specific coursework or content, including introduction to the field, counseling skills, and ethical standards; and

(4) verify to the board in writing a plan of study of full- or part-time enrollment to achieve licensure within three years.

(c) The hiring district must show the position was posted for at least 15 days on the board-approved statewide job board.

(d) The hiring district must:

(1) request a Tier 2 license from the board; and

(2) affirm the applicant will participate in an evaluation aligned to the district's teacher development and evaluation model under Minnesota Statutes, section 122A.40, subdivision 8, or 122A.41, subdivision 5, or if the statutory models are not practicable, to another identified district-aligned evaluation.

(e) Applicants granted a license to practice under this subdivision must obtain approval to practice in writing from the school counseling program in which they are enrolled and must be supervised by a duly licensed school counselor with no less than two years of full-time practice experience.

Subd. 3. **Tier 2 license duration.** A Tier 2 license issued under subdivision 2 is valid for two years and may be renewed one time.

Subd. 4. **Requirements for Tier 3 license.** A Tier 3 license issued under section 42 must be issued to a school counselor if the applicant:

(1) holds a master's degree or the equivalent in school counseling from a college or university that is regionally accredited by the association for the accreditation of colleges and secondary schools; and

(2) shows verification of having completed a preparation program approved by the state where the program resides or the Council for the Accreditation of Counseling and Related Educational Services.

Subd. 5. **Requirements for Tier 4 license.** A Tier 4 license issued under section 43 must be issued to a school counselor if the applicant:

(1) meets all requirements for a Tier 3 license issued under subdivision 4;

(2) has at least three years of experience working as a school counselor in Minnesota; and

(3) was not placed or otherwise kept in an improvement process aligned to the district's teacher development and evaluation plan by the applicant's most recent summative evaluation.

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Sec. 55. **DUTY OF LICENSEE TO RENEW.**

It is the responsibility of the person seeking the renewal of a Tier 3 or 4 teaching license to comply with licensure renewal requirements and to submit the application, appropriate verification, and other supporting materials to the local continuing education/relicensure committee, in accordance with procedures and due dates established by that committee.

Sec. 56. **CAREER PATHWAYS TEACHER.**

Subdivision 1. **Scope of practice.** A career pathways teacher is authorized to teach students the skills and information necessary for a specific career where that career does not necessarily require a four-year degree and in which there are not board rules in place. Such careers include but are not limited to law enforcement, cosmetology, and park services.

Subd. 2. **Licensure requirements.** (a) A candidate for licensure as a career pathways teacher must meet the requirements of this subdivision.

(b) The applicant must have one of the following:

(1) five years of relevant work experience;

(2) at least an associate's degree aligned to the career field; or

(3) a professional certification aligned to the career field from an approved certifying organization.

(c) The applicant must demonstrate to the board the standards of effective practice under Minnesota Rules, part 8710.2000, have been met through standards of effective practice coursework or experiences through a teacher preparation provider.

Sec. 57. **REPEALER.**

(a) Minnesota Rules, parts 8700.7620; 8710.0300, subparts 1, 1a, 2, 2a, 2b, 3, 5, 6, 7, 8, 9, 10, and 11; 8710.1000; 8710.1050; 8710.1250; 8710.1400; and 8710.1410, are repealed.

(b) Minnesota Statutes 2017 Supplement, section 122A.09, subdivision 1, and Minnesota Rules, part 8710.2100, subparts 1 and 2, are repealed.

EFFECTIVE DATE. Paragraph (a) is effective October 1, 2018. Paragraph (b) is effective the day following final enactment.

ARTICLE 50

SPECIAL EDUCATION

Section 1. Minnesota Statutes 2016, section 120A.20, subdivision 2, is amended to read:

Subd. 2. **Education, residence, and transportation of homeless.** (a) Notwithstanding subdivision 1, a district must not deny free admission to a homeless pupil solely because the district cannot determine that the pupil is a resident of the district.

(b) The school district of residence for a homeless pupil shall be the school district in which the parent or legal guardian resides, unless: (1) parental rights have been terminated by court order; (2) the parent or guardian is not living within the state; or (3) the parent or guardian having legal custody of the child is an inmate of a Minnesota correctional facility or is a resident of a halfway house under the supervision of the commissioner of corrections. If any of clauses (1) to (3) apply, the school district of residence shall be the school district in which the pupil resided when the qualifying event occurred. If no other district of residence

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can be established, the school district of residence shall be the school district in which the pupil currently resides. If there is a dispute between school districts regarding residency, the district of residence is the district designated by the commissioner of education.

(c) Except as provided in paragraph (d), the serving district is responsible for transporting a homeless pupil to and from the pupil's district of residence. The district may transport from a permanent home in another district but only through the end of the academic school year. When a pupil is enrolled in a charter school, the district or school that provides transportation for other pupils enrolled in the charter school is responsible for providing transportation. When a homeless student with or without an individualized education program attends a public school other than an independent or special school district or charter school, the district of residence is responsible for transportation.

(d) For a homeless pupil with an individualized education program enrolled in a program authorized by an intermediate school district, special education cooperative, service cooperative, or education district, the serving district at the time of the pupil's enrollment in the program remains responsible for transporting that pupil for the remainder of the school year, unless the initial serving district and the current serving district mutually agree that the current serving district is responsible for transporting the homeless pupil.

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

Sec. 2. Laws 2017, First Special Session chapter 5, article 2, section 56, is amended to read:

Sec. 56. **INTERMEDIATE SCHOOL DISTRICT MENTAL HEALTH INNOVATION GRANT PROGRAM; APPROPRIATION.**

(a) $2,450,000 in fiscal year 2018 and $2,450,000 in fiscal year 2019 are appropriated from the general fund to the commissioner of human services for a grant program to fund innovative projects to improve mental health outcomes for youth attending a qualifying school unit.

(b) A "qualifying school unit" means an intermediate district organized under Minnesota Statutes, section 136D.01, or a service cooperative organized under Minnesota Statutes, section 123A.21, subdivision 1, paragraph (a), clause (2), that provides instruction to students in a setting of federal instructional level 4 or higher. Grants under paragraph (a) must be awarded to eligible applicants such that the services are proportionately provided among qualifying school units. The commissioner shall calculate the share of the appropriation to be used in each qualifying school unit by dividing the qualifying school unit's average daily membership in a setting of federal instructional level 4 or higher for fiscal year 2016 by the total average daily membership in a setting of federal instructional level 4 or higher for the same year for all qualifying school units.

(c) An eligible applicant is an entity that has demonstrated capacity to serve the youth identified in paragraph (a) and that is:

(1) certified under Minnesota Rules, parts 9520.0750 to 9520.0870;

(2) a community mental health center under Minnesota Statutes, section 256B.0625, subdivision 5;

(3) an Indian health service facility or facility owned and operated by a tribe or tribal organization operating under United States Code, title 25, section 5321; ~~or~~

(4) a provider of children's therapeutic services and supports as defined in Minnesota Statutes, section 256B.0943~~.~~; or

(5) enrolled in medical assistance as a mental health or substance use disorder provider agency and must employ at least two full-time equivalent mental health professionals as defined in Minnesota Statutes, section 245.4871, subdivision 27, clauses (1) to (6), or alcohol and drug counselors licensed or exempt from licensure under chapter 148F who are qualified to provide clinical services to children and families.

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(d) An eligible applicant must employ or contract with at least two licensed mental health professionals as defined in Minnesota Statutes, section 245.4871, subdivision 27, clauses (1) to (6), who have formal training in evidence-based practices.

(e) A qualifying school unit must submit an application to the commissioner in the form and manner specified by the commissioner. The commissioner may approve an application that describes models for innovative projects to serve the needs of the schools and students. The commissioner may provide technical assistance to the qualifying school unit. The commissioner shall then solicit grant project proposals and award grant funding to the eligible applicants whose project proposals best meet the requirements of this section and most closely adhere to the models created by the intermediate districts and service cooperatives.

(f) To receive grant funding, an eligible applicant must obtain a letter of support for the applicant's grant project proposal from each qualifying school unit the eligible applicant is proposing to serve. An eligible applicant must also demonstrate the following:

(1) the ability to seek third-party reimbursement for services;

(2) the ability to report data and outcomes as required by the commissioner; and

(3) the existence of partnerships with counties, tribes, substance use disorder providers, and mental health service providers, including providers of mobile crisis services.

(g) Grantees shall obtain all available third-party reimbursement sources as a condition of receiving grant funds. For purposes of this grant program, a third-party reimbursement source does not include a public school as defined in Minnesota Statutes, section 120A.20, subdivision 1.

(h) The base budget for this program is $0. This appropriation is available until June 30, 2020.

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

Sec. 3. Laws 2017, First Special Session chapter 5, article 4, section 11, is amended to read:

Sec. 11. **SPECIAL EDUCATION ADJUSTMENT; MONTICELLO SCHOOL DISTRICT.**

(a) Notwithstanding Minnesota Statutes, sections 125A.76 and 127A.45, special education aid payments to Independent School District No. 882, Monticello, must be increased by $800,000 in fiscal year 2018 to mitigate cash flow problems created by an unforeseeable reduction in the district's special education aid for fiscal year 2016 as a result of the combined effects of converting from a host district cooperative to a joint powers cooperative and implementation of a new special education aid formula in the same fiscal year.

(b) Special education aid payments to Independent School District No. 882, Monticello, must not be reduced ~~by the same amount~~ in fiscal year 2019 to offset the fiscal year 2018 increase.

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

Sec. 4. Laws 2017, First Special Session chapter 5, article 4, section 12, subdivision 2, as amended by Laws 2017, First Special Session chapter 7, section 12, is amended to read:

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

$	~~1,341,161,000~~ 1,366,903,000	.....	2018
$	~~1,426,827,000~~ 1,468,721,000	.....	2019

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The 2018 appropriation includes $156,403,000 for 2017 and ~~$1,184,758,000~~ $1,210,500,000 for 2018.

The 2019 appropriation includes ~~$166,667,000~~ $170,291,000 for 2018 and ~~$1,260,160,000~~ $1,298,430,000 for 2019.

Sec. 5. **SPECIAL EDUCATION LEGISLATIVE WORKING GROUP.**

Subdivision 1. **Duties.** A legislative working group on special education is created to review special education delivery and costs in Minnesota and submit a written report to the legislature. The working group must:

(1) review how school districts, charter schools, intermediate school districts, special education cooperatives, education districts, service cooperatives, and nonpublic schools deliver special education services, and the costs and benefits associated with each model;

(2) compare relevant state and federal special education laws and regulations by reviewing the 2013 evaluation report by the Office of the Legislative Auditor on special education and other publicly available reports;

(3) analyze trends in special education enrollment and the reasons for the increased proportion of Minnesota students receiving special education, including identifying disparities in student identification;

(4) identify strategies or programs that would be effective in reducing the need for special education services or could provide less-intensive special education services, when appropriate;

(5) analyze funding for children receiving special education services in a nonresident district or charter school in accordance with Minnesota Statutes, sections 124E.21, 125A.11, and 127A.47;

(6) analyze the effect of the 2013 statutory changes to the state special education funding formula, including interactions and conformity with federal funding formulas;

(7) describe how school districts and charter schools use section 504 plans, including criteria used to determine when a section 504 plan is appropriate and the prevalence of section 504 plans in school districts and charter schools; and

(8) review the 2013 evaluation report by the Office of the Legislative Auditor on special education and whether any recommendations have been enacted or implemented.

Subd. 2. **Membership.** (a) The legislative working group on special education consists of:

(1) six duly elected and currently serving members of the house of representatives, three appointed by the speaker of the house and three appointed by the house minority leader, two of whom must be the current chairs of the house of representatives Education Innovation Policy Committee and Education Finance Committee; and

(2) six duly elected and currently serving senators, three appointed by the senate majority leader and three appointed by the senate minority leader, two of whom must be the current chairs of the senate Education Policy Committee and Education Finance Committee.

(b) Only duly elected and currently serving members of the house of representatives or senate may be members of the special education legislative working group. A chair of an education committee appointed under paragraph (a) may designate another member of the chair's chamber to attend a meeting of the legislative working group in place of the chair.

Subd. 3. **Organization; process; administrative and technical support.** The special education legislative working group appointments must be made by July 1, 2018. If a vacancy occurs, the leader of the caucus in the house of representatives or senate to which the vacating working group member belonged must fill

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the vacancy. The chair of the house of representatives Education Innovation Policy Committee shall serve as a cochair of the working group. The chair of the senate Education Policy Committee shall serve as a cochair of the working group and shall convene the first meeting. The working group must meet periodically. Meetings of the working group must be open to the public. The Legislative Coordinating Commission must provide administrative assistance upon request. The Department of Education must provide technical assistance upon request.

Subd. 4. **Consultation with stakeholders.** In developing its recommendations, the special education legislative working group must consult with interested and affected stakeholders.

Subd. 5. **Report.** The special education legislative working group must submit a report providing its findings and policy recommendations to the legislature by January 15, 2019.

Subd. 6. **Expiration.** The special education legislative working group expires January 16, 2019, unless extended by law.

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

ARTICLE 51

FACILITIES, TECHNOLOGY, LIBRARIES, AND NUTRITION

Section 1. Minnesota Statutes 2017 Supplement, section 121A.335, subdivision 3, is amended to read:

Subd. 3. **Frequency of testing.** (a) The plan under subdivision 2 must include a testing schedule for every building serving prekindergarten through grade 12 students. The schedule must require that each building be tested at least once every five years. A school district must begin testing school buildings by July 1, 2018, and complete testing of all buildings that serve students within five years.

(b) The commissioner of education must, in consultation with the commissioner of health, determine the maximum contaminant level for lead in school drinking water. The maximum contaminant level must be compatible with the United States Environmental Protection Agency's lead and copper rule. A school district that finds the presence of lead exceeds the maximum contaminant level in any water source that can provide water for consumption must either remediate that water source and immediately shut off the water source until the source is remediated, or make the water source unavailable.

Sec. 2. Minnesota Statutes 2017 Supplement, section 121A.335, subdivision 5, is amended to read:

Subd. 5. **Reporting.** A school district that has tested its buildings for the presence of lead shall make the results of the testing available to the public for review and must notify parents of the availability of the information. If a test conducted under subdivision 3, paragraph (a), reveals that the presence of lead exceeds the maximum contaminant level, the school district must immediately directly notify parents of the test result and any steps taken to remediate the water source or make the water source unavailable.

Sec. 3. Minnesota Statutes 2016, section 123B.52, subdivision 6, is amended to read:

Subd. 6. **Disposing of surplus school computers.** (a) Notwithstanding section 471.345, governing school district contracts made upon sealed bid or otherwise complying with the requirements for competitive bidding, other provisions of this section governing school district contracts, or other law to the contrary, a school district under this subdivision may dispose of school computers, including a tablet device.

(b) A school district may dispose of a surplus school computer and related equipment if the district disposes of the surplus property by conveying the property and title to:

(1) another school district;

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(2) the state Department of Corrections;

(3) the Board of Trustees of the Minnesota State Colleges and Universities; or

(4) the family of a student residing in the district whose total family income meets the federal definition of poverty.

(c) If surplus school computers are not disposed of under paragraph (b), upon adoption of a written resolution of the school board, when updating or replacing school computers, including tablet devices, used primarily by students, a school district may sell or give used computers or tablets to qualifying students at the price specified in the written resolution. A student is eligible to apply to the school board for a computer or tablet under this subdivision if the student is currently enrolled in the school and intends to enroll in the school in the year following the receipt of the computer or tablet. If more students apply for computers or tablets than are available, the school must first qualify students whose families are eligible for free or reduced-price meals, and then dispose of the remaining computers or tablets by lottery.

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

Sec. 4. Minnesota Statutes 2017 Supplement, section 123B.52, subdivision 7, is amended to read:

Subd. 7. **Food service contracts.** A contract between a school board and a food service management company that complies with Code of Federal Regulations, title 7, section 210.16, 225.15, paragraph (m), or 226.21 may be renewed annually after its initial term for not more than four additional years.

Sec. 5. Minnesota Statutes 2016, section 123B.595, is amended by adding a subdivision to read:

Subd. 13. **Allocation from districts participating in agreements for secondary education or interdistrict cooperation.** For purposes of this section, a district with revenue authority under subdivision 1 for indoor air quality, fire alarm and suppression, and asbestos abatement projects under section 123B.57, subdivision 6, with an estimated cost of $100,000 or more per site and that participates in an agreement under section 123A.30 or 123A.32 may allocate the revenue authority among participating districts.

Sec. 6. Minnesota Statutes 2016, section 124D.111, is amended to read:

124D.111 SCHOOL MEALS POLICIES; LUNCH AID; FOOD SERVICE ACCOUNTING.

Subdivision 1. **School ~~lunch aid computation~~ meals policies.** (a) Each Minnesota participant in the national school lunch program must adopt and post to its Web site, or the Web site of the organization where the meal is served, a school meals policy.

(b) The policy must be in writing and clearly communicate student meal charges when payment cannot be collected at the point of service. The policy must be reasonable and well-defined and maintain the dignity of students by prohibiting lunch shaming or otherwise ostracizing the student.

(c) The policy must address whether the participant uses a collections agency to collect unpaid school meals debt.

(d) The policy must ensure that once a participant has placed a meal on a tray or otherwise served the meal to a student, the meal may not be subsequently withdrawn from the student by the cashier or other school official, whether or not the student has an outstanding meals balance.

(e) The policy must ensure that a student who has been determined eligible for free and reduced-price lunch must always be served a reimbursable meal even if the student has an outstanding debt.

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(f) If a school contracts with a third party for its meal services, it must provide the vendor with its school meals policy. Any contract between the school and a third-party provider entered into or modified after July 1, 2018, must ensure that the third-party provider adheres to the participant's school meals policy.

Subd. 1a. **School lunch aid amounts.** Each school year, the state must pay participants in the national school lunch program the amount of 12.5 cents for each full paid and free student lunch and 52.5 cents for each reduced-price lunch served to students.

Subd. 2. **Application.** A school district, charter school, nonpublic school, or other participant in the national school lunch program shall apply to the department for this payment on forms provided by the department.

Subd. 2a. **Federal child and adult care food program; criteria and notice.** The commissioner must post on the department's Web site eligibility criteria and application information for nonprofit organizations interested in applying to the commissioner for approval as a multisite sponsoring organization under the federal child and adult care food program. The posted criteria and information must inform interested nonprofit organizations about:

(1) the criteria the commissioner uses to approve or disapprove an application, including how an applicant demonstrates financial viability for the Minnesota program, among other criteria;

(2) the commissioner's process and time line for notifying an applicant when its application is approved or disapproved and, if the application is disapproved, the explanation the commissioner provides to the applicant; and

(3) any appeal or other recourse available to a disapproved applicant.

Subd. 3. **School food service fund.** (a) The expenses described in this subdivision must be recorded as provided in this subdivision.

(b) In each district, the expenses for a school food service program for pupils must be attributed to a school food service fund. Under a food service program, the school food service may prepare or serve milk, meals, or snacks in connection with school or community service activities.

(c) Revenues and expenditures for food service activities must be recorded in the food service fund. The costs of processing applications, accounting for meals, preparing and serving food, providing kitchen custodial services, and other expenses involving the preparing of meals or the kitchen section of the lunchroom may be charged to the food service fund or to the general fund of the district. The costs of lunchroom supervision, lunchroom custodial services, lunchroom utilities, and other administrative costs of the food service program must be charged to the general fund.

That portion of superintendent and fiscal manager costs that can be documented as attributable to the food service program may be charged to the food service fund provided that the school district does not employ or contract with a food service director or other individual who manages the food service program, or food service management company. If the cost of the superintendent or fiscal manager is charged to the food service fund, the charge must be at a wage rate not to exceed the statewide average for food service directors as determined by the department.

(d) Capital expenditures for the purchase of food service equipment must be made from the general fund and not the food service fund, unless the restricted balance in the food service fund at the end of the last fiscal year is greater than the cost of the equipment to be purchased.

(e) If the condition set out in paragraph (d) applies, the equipment may be purchased from the food service fund.

(f) If a deficit in the food service fund exists at the end of a fiscal year, and the deficit is not eliminated by revenues from food service operations in the next fiscal year, then the deficit must be eliminated by a

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permanent fund transfer from the general fund at the end of that second fiscal year. However, if a district contracts with a food service management company during the period in which the deficit has accrued, the deficit must be eliminated by a payment from the food service management company.

(g) Notwithstanding paragraph (f), a district may incur a deficit in the food service fund for up to three years without making the permanent transfer if the district submits to the commissioner by January 1 of the second fiscal year a plan for eliminating that deficit at the end of the third fiscal year.

(h) If a surplus in the food service fund exists at the end of a fiscal year for three successive years, a district may recode for that fiscal year the costs of lunchroom supervision, lunchroom custodial services, lunchroom utilities, and other administrative costs of the food service program charged to the general fund according to paragraph (c) and charge those costs to the food service fund in a total amount not to exceed the amount of surplus in the food service fund.

Subd. 4. **No fees.** A participant that receives school lunch aid under this section must make lunch available without charge and must not deny a school lunch to all participating students who qualify for free or reduced-price meals, whether or not that student has an outstanding balance in the student's meals account attributable to a la carte purchases or for any other reason.

Subd. 5. **Respectful treatment.** (a) The participant must also provide meals to students in a respectful manner according to the policy adopted under subdivision 1. The participant must ensure that any reminders for payment of outstanding student meal balances do not demean or stigmatize any child participating in the school lunch program., including but not limited to dumping meals, withdrawing a meal that has been served, announcing or listing students names publicly, or affixing stickers, stamps, or pins. The participant must not impose any other restriction prohibited under section 123B.37 due to unpaid student meal balances. The participant must not limit a student's participation in any school activities, graduation ceremonies, field trips, athletics, activity clubs, or other extracurricular activities or access to materials, technology, or other items provided to students due to an unpaid student meal balance.

(b) If the commissioner or the commissioner's designee determines a participant has violated the requirement to provide meals to participating students in a respectful manner, the commissioner or the commissioner's designee must send a letter of noncompliance to the participant. The participant is required to respond and, if applicable, remedy the practice within 60 days.

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

Sec. 7. Minnesota Statutes 2016, section 125B.26, subdivision 4, is amended to read:

Subd. 4. **District aid.** ~~For fiscal year 2006 and later,~~ A district, charter school, or intermediate school district's Internet access equity aid equals the district, charter school, or intermediate school district's approved cost for the previous fiscal year according to subdivision 1 ~~exceeding $16 times the district's adjusted pupil units for the previous fiscal year or no reduction if the district is part of an organized telecommunications access cluster~~. Equity aid must be distributed to the telecommunications access cluster for districts, charter schools, or intermediate school districts that are members of the cluster or to individual districts, charter schools, or intermediate school districts not part of a telecommunications access cluster.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2019 and later.

Sec. 8. Minnesota Statutes 2016, section 134.355, subdivision 10, is amended to read:

Subd. 10. **Award of funds.** (a) The commissioner of education ~~shall~~ must develop an application and a reporting form and procedures for regional library telecommunications aid. Aid shall be based on actual costs including, but not limited to, connections, as documented in e-rate funding commitment decision letters for category one services and acceptable documentation for category two services and funds available for this purpose. The commissioner ~~shall~~ must make payments directly to the regional public library system.

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(b) On March 15 of 2019, 2020, and 2021, the commissioner of education must reallocate any unspent amounts appropriated for paragraph (a) to regional library systems for broadband innovation programs, including equipment purchases, hot spot access devices, and other programs designed to increase Internet access.

(c) By January 15 of 2020, 2021, and 2022, the commissioner of education must report to the legislative committees with jurisdiction over education on the previous fiscal year's spending under this subdivision and make any recommendations for necessary program changes.

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

Sec. 9. Minnesota Statutes 2016, section 205A.07, subdivision 2, is amended to read:

Subd. 2. **Sample ballot, posting.** (a) For every school district primary, general, or special election, the school district clerk ~~shall~~ must at least four days before the primary, general, or special election, post a sample ballot in the administrative offices of the school district for public inspection, and ~~shall~~ must post a sample ballot in each polling place on election day.

(b) For a school district general or special election to issue bonds to finance a capital project requiring review and comment under section 123B.71, the summary of the commissioner's review and comment and supplemental information required under section 123B.71, subdivision 12, paragraph (a), must be posted in the same manner as the sample ballot under paragraph (a).

EFFECTIVE DATE. This section is effective for elections held on or after August 1, 2018.

Sec. 10. Minnesota Statutes 2016, section 299F.30, subdivision 1, is amended to read:

Subdivision 1. **Duties of fire marshal.** Consistent with sections 121A.035, 121A.037, and this section, it ~~shall be~~ is the duty of the state fire marshal, deputies and assistants, to require public and private schools and educational institutions to have at least five fire drills each school year, including at least three drills as provided under subdivision 2, paragraph (a), and to keep all doors and exits unlocked from the inside of the building during school hours.

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

Sec. 11. Minnesota Statutes 2016, section 299F.30, subdivision 2, is amended to read:

Subd. 2. **Fire drill.** (a) Each superintendent, principal, or other person in charge of a public or private school, educational institution, children's home or orphanage housing 20 or more students or other persons, ~~shall~~ must instruct and train such students or other persons to quickly and expeditiously quit the premises in case of fire or other emergency by means of drills or rapid dismissals while such school, institution, home, or orphanage is in operation.

(b) In addition to the drills required under paragraph (a), a public or private school or educational institution may implement an alternative fire drill that does not require students or other persons to quit the premises. A school or educational institution choosing to develop and implement nonevacuating fire drill protocols must work in partnership with the local fire chief or the fire chief's designee and chief law enforcement officers or their designee.

(c) Records of ~~such~~ fire drills ~~shall~~ must be posted so that such records are available for review by the state fire marshal at all times and ~~shall~~ must include the type of drill conducted, nonevacuation or evacuation, and drill date and the time required to evacuate the building, if the drill required an evacuation.

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

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Sec. 12. Minnesota Statutes 2016, section 475.58, subdivision 4, is amended to read:

Subd. 4. **Proper use of bond proceeds.** The proceeds of obligations issued after approval of the electors under this section ~~may~~ must only be spent: (1) for the purposes stated in the ballot language; or (2) to pay, redeem, or defease obligations and interest, penalties, premiums, and costs of issuance of the obligations. The proceeds ~~may~~ must not be spent for a different purpose or for an expansion of the original purpose without the approval by a majority of the electors voting on the question of changing or expanding the purpose of the obligations.

Sec. 13. Minnesota Statutes 2017 Supplement, section 475.59, subdivision 1, is amended to read:

Subdivision 1. **Generally; notice.** (a) When the governing body of a municipality resolves to issue bonds for any purpose requiring the approval of the electors, it shall provide for submission of the proposition of their issuance at a general or special election or town or school district meeting. Notice of such election or meeting shall be given in the manner required by law and shall state the maximum amount and the purpose of the proposed issue.

(b) In any school district, the school board or board of education may, according to its judgment and discretion, submit as a single ballot question or as two or more separate questions in the notice of election and ballots the proposition of their issuance for any one or more of the following, stated conjunctively or in the alternative: acquisition or enlargement of sites, acquisition, betterment, erection, furnishing, equipping of one or more new schoolhouses, remodeling, repairing, improving, adding to, betterment, furnishing, equipping of one or more existing schoolhouses. The ballot question or questions submitted by a school board must state the name of the plan or plans being proposed by the district as submitted to the commissioner of education for review and comment under section 123B.71.

(c) In any city, town, or county, the governing body may, according to its judgment and discretion, submit as a single ballot question or as two or more separate questions in the notice of election and ballots the proposition of their issuance, stated conjunctively or in the alternative, for the acquisition, construction, or improvement of any facilities at one or more locations.

EFFECTIVE DATE. This section is effective for elections held on or after August 1, 2018.

Sec. 14. Laws 2017, First Special Session chapter 5, article 5, section 14, subdivision 4, is amended to read:

Subd. 4. **Equity in telecommunications access aid.** (a) For equity in telecommunications access aid under Minnesota Statutes, section 125B.26:

$	3,750,000	.....	2018
$~~3,750,000~~	3,950,000	.....	2019

(b) If the appropriation amount is insufficient, the commissioner shall reduce the reimbursement rate in Minnesota Statutes, section 125B.26, subdivisions 4 and 5, and the revenue for fiscal years 2018 and 2019 shall be prorated.

(c) Any balance in the first year does not cancel but is available in the second year.

(d) The base for fiscal year 2020 is $3,750,000.

Sec. 15. Laws 2017, First Special Session chapter 5, article 7, section 2, subdivision 5, is amended to read:

Subd. 5. **Regional library telecommunications aid.** (a) For regional library telecommunications aid under Minnesota Statutes, section 134.355:

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$ 2,300,000 2018

$ 2,300,000 2019

(b) The 2018 appropriation includes $230,000 for 2017 and $2,070,000 for 2018.

(c) The 2019 appropriation includes $230,000 for 2018 and $2,070,000 for 2019.

(d) Any balance in the first year does not cancel but is available in the second year.

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

Sec. 16. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sum indicated in this section is appropriated from the general fund to the Department of Education for the fiscal year designated.

Subd. 2. **Fiscal year 2019 additional telecommunications equity access aid.** (a) For additional telecommunications equity access aid under Minnesota Statutes, section 125B.26:

$ 362,000 2019

(b) For fiscal year 2019 only, a school district or charter school is eligible for additional telecommunications equity access aid equal to the greater of zero or:

(1) the district's approved costs under Minnesota Statutes, section 125B.26, subdivision 1; minus

(2) the district's aid under Minnesota Statutes, section 125B.26, subdivision 4; minus

(3) $7 times the adjusted pupil units.

(c) This is a onetime appropriation. If the appropriation amount is insufficient, the commissioner must prorate the additional aid.

ARTICLE 52

EARLY EDUCATION, SELF-SUFFICIENCY, AND LIFELONG LEARNING

Section 1. Minnesota Statutes 2016, section 124D.151, subdivision 2, is amended to read:

Subd. 2. **Program requirements.** (a) A voluntary prekindergarten program provider must:

(1) provide instruction through play-based learning to foster children's social and emotional development, cognitive development, physical and motor development, and language and literacy skills, including the native language and literacy skills of English learners, to the extent practicable;

(2) measure each child's cognitive and social skills using a formative measure aligned to the state's early learning standards when the child enters and again before the child leaves the program, screening and progress monitoring measures, and ~~others~~ other age-appropriate versions from the state-approved menu of kindergarten entry profile measures;

(3) provide comprehensive program content including the implementation of curriculum, assessment, and instructional strategies aligned with the state early learning standards, and kindergarten through grade 3 academic standards;

(4) provide instructional content and activities that are of sufficient length and intensity to address learning needs including offering a program with at least 350 hours of instruction per school year for a prekindergarten student;

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(5) provide voluntary prekindergarten instructional staff salaries comparable to the salaries of local kindergarten through grade 12 instructional staff;

(6) coordinate appropriate kindergarten transition with families, community-based prekindergarten programs, and school district kindergarten programs;

(7) involve parents in program planning and transition planning by implementing parent engagement strategies that include culturally and linguistically responsive activities in prekindergarten through third grade that are aligned with early childhood family education under section 124D.13;

(8) coordinate with relevant community-based services, including health and social service agencies, to ensure children have access to comprehensive services;

(9) coordinate with all relevant school district programs and services including early childhood special education, homeless students, and English learners;

(10) ensure staff-to-child ratios of one-to-ten and a maximum group size of 20 children;

(11) provide high-quality coordinated professional development, training, and coaching for both school district and community-based early learning providers that is informed by a measure of adult-child interactions and enables teachers to be highly knowledgeable in early childhood curriculum content, assessment, native and English language development programs, and instruction; and

(12) implement strategies that support the alignment of professional development, instruction, assessments, and prekindergarten through grade 3 curricula.

(b) A voluntary prekindergarten program must have teachers knowledgeable in early childhood curriculum content, assessment, native and English language programs, and instruction.

(c) Districts and charter schools must include their strategy for implementing and measuring the impact of their voluntary prekindergarten program under section 120B.11 and provide results in their world's best workforce annual summary to the commissioner of education.

Sec. 2. Minnesota Statutes 2017 Supplement, section 124D.151, subdivision 5, is amended to read:

Subd. 5. **Application process; priority for high poverty schools.** (a) ~~To qualify for program approval for fiscal year 2017, a district or charter school must submit an application to the commissioner by July 1, 2016.~~ To qualify for program approval ~~for fiscal year 2018 and later~~, a district or charter school must submit an application to the commissioner by January 30 of the fiscal year prior to the fiscal year in which the program will be implemented. The application must include:

(1) a description of the proposed program, including the number of hours per week the program will be offered at each school site or mixed-delivery location;

(2) an estimate of the number of eligible children to be served in the program at each school site or mixed-delivery location; and

(3) a statement of assurances signed by the superintendent or charter school director that the proposed program meets the requirements of subdivision 2.

(b) The commissioner must review all applications submitted ~~for fiscal year 2017 by August 1, 2016, and must review all applications submitted for fiscal year 2018 and later~~ by March 1 of the fiscal year in which the applications are received and determine whether each application meets the requirements of paragraph (a).

(c) The commissioner must divide all applications for new or expanded voluntary prekindergarten programs under this section meeting the requirements of paragraph (a) and school readiness plus programs

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into ~~four~~ five groups as follows: the Minneapolis ~~and~~ school district; the St. Paul school ~~districts~~ district; other school districts located in the metropolitan equity region as defined in section 126C.10, subdivision 28; school districts located in the rural equity region as defined in section 126C.10, subdivision 28; and charter schools. Within each group, the applications must be ordered by rank using a sliding scale based on the following criteria:

(1) concentration of kindergarten students eligible for free or reduced-price lunches by school site on October 1 of the previous school year. A school site may contract to partner with a community-based provider or Head Start under subdivision 3 or establish an early childhood center and use the concentration of kindergarten students eligible for free or reduced-price meals from a specific school site as long as those eligible children are prioritized and guaranteed services at the mixed-delivery site or early education center. For school district programs to be operated at locations that do not have free and reduced-price lunch concentration data for kindergarten programs for October 1 of the previous school year, including mixed-delivery programs, the school district average concentration of kindergarten students eligible for free or reduced-price lunches must be used for the rank ordering;

(2) presence or absence of a three- or four-star Parent Aware rated program within the school district or close proximity of the district. School sites with the highest concentration of kindergarten students eligible for free or reduced-price lunches that do not have a three- or four-star Parent Aware program within the district or close proximity of the district shall receive the highest priority, and school sites with the lowest concentration of kindergarten students eligible for free or reduced-price lunches that have a three- or four-star Parent Aware rated program within the district or close proximity of the district shall receive the lowest priority; and

(3) whether the district has implemented a mixed delivery system.

(d) The limit on participation for the programs as specified in subdivision 6 must initially be allocated among the ~~four~~ five groups based on each group's percentage share of the statewide kindergarten enrollment on October 1 of the previous school year. Within each group, the participation limit for fiscal years 2018 and 2019 must first be allocated to school sites approved for aid in the previous year to ensure that those sites are funded for the same number of participants as approved for the previous year. The remainder of the participation limit for each group must be allocated among school sites in priority order until that region's share of the participation limit is reached. If the participation limit is not reached for all groups, the remaining amount must be allocated to the highest priority school sites, as designated under this section, not funded in the initial allocation on a statewide basis. For fiscal year 2020 and later, the participation limit must first be allocated to school sites approved for aid in fiscal year 2017, and then to school sites approved for aid in fiscal year 2018 based on the statewide rankings under paragraph (c).

(e) Once a school site or a mixed delivery site under subdivision 3 is approved for aid under this subdivision, it shall remain eligible for aid if it continues to meet program requirements, regardless of changes in the concentration of students eligible for free or reduced-price lunches.

(f) If the total number of participants approved based on applications submitted under paragraph (a) is less than the participation limit under subdivision 6, the commissioner must notify all school districts and charter schools of the amount that remains available within 30 days of the initial application deadline under paragraph (a), and complete a second round of allocations based on applications received within 60 days of the initial application deadline.

(g) Procedures for approving applications submitted under paragraph (f) shall be the same as specified in paragraphs (a) to (d), except that the allocations shall be made to the highest priority school sites not funded in the initial allocation on a statewide basis.

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Sec. 3. Minnesota Statutes 2017 Supplement, section 124D.151, subdivision 6, is amended to read:

Subd. 6. **Participation limits.** (a) Notwithstanding section 126C.05, subdivision 1, paragraph (d), the pupil units for a voluntary prekindergarten program for an eligible school district or charter school must not exceed 60 percent of the kindergarten pupil units for that school district or charter school under section 126C.05, subdivision 1, paragraph (e).

~~(b) In reviewing applications under subdivision 5, the commissioner must limit the estimated state aid entitlement approved under this section to $27,092,000 for fiscal year 2017. If the actual state aid entitlement based on final data exceeds the limit in any year, the aid of the participating districts must be prorated so as not to exceed the limit.~~

~~(c)~~ (b) The commissioner must limit the total number of funded participants in the voluntary prekindergarten program under this section to not more than 3,160.

~~(d)~~ (c) Notwithstanding paragraph ~~(c)~~ (b), the commissioner must limit the total number of participants in the voluntary prekindergarten and school readiness plus programs to not more than 6,160 participants for fiscal year 2018 and 7,160 participants for fiscal year 2019.

Sec. 4. Minnesota Statutes 2017 Supplement, section 124D.165, subdivision 2, is amended to read:

Subd. 2. **Family eligibility.** (a) For a family to receive an early learning scholarship, parents or guardians must meet the following eligibility requirements:

(1) have an eligible child; and

(2) have income equal to or less than 185 percent of federal poverty level income in the current calendar year, or be able to document their child's current participation in the free and reduced-price lunch program or Child and Adult Care Food Program, National School Lunch Act, United States Code, title 42, sections 1751 and 1766; the Food Distribution Program on Indian Reservations, Food and Nutrition Act, United States Code, title 7, sections 2011-2036; Head Start under the federal Improving Head Start for School Readiness Act of 2007; Minnesota family investment program under chapter 256J; child care assistance programs under chapter 119B; the supplemental nutrition assistance program; or placement in foster care under section 260C.212. Parents or guardians are not required to provide income verification under this clause if the child is an eligible child under paragraph (b), clause (4) or (5).

(b) An "eligible child" means a child who has not yet enrolled in kindergarten and is:

(1) at least three but not yet five years of age on September 1 of the current school year;

(2) a sibling from birth to age five of a child who has been awarded a scholarship under this section provided the sibling attends the same program as long as funds are available;

(3) the child of a parent under age 21 who is pursuing a high school degree or a course of study for a high school equivalency test; ~~or~~

~~(4) homeless, in foster care, or in need of child protective services.~~

(4) designated as a child in need of protection or services; or

(5) designated as homeless under the federal McKinney-Vento Homeless Assistance Act, United States Code, title 42, section 11434a.

(c) A child who has received a scholarship under this section must continue to receive a scholarship each year until that child is eligible for kindergarten under section 120A.20 and as long as funds are available.

(d) Early learning scholarships may not be counted as earned income for the purposes of medical assistance under chapter 256B, MinnesotaCare under chapter 256L, Minnesota family investment program

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under chapter 256J, child care assistance programs under chapter 119B, or Head Start under the federal Improving Head Start for School Readiness Act of 2007.

(e) A child from an adjoining state whose family resides at a Minnesota address as assigned by the United States Postal Service, who has received developmental screening under sections 121A.16 to 121A.19, who intends to enroll in a Minnesota school district, and whose family meets the criteria of paragraph (a) is eligible for an early learning scholarship under this section.

Sec. 5. Minnesota Statutes 2017 Supplement, section 124D.165, subdivision 3, is amended to read:

Subd. 3. **Administration.** (a) The commissioner shall establish application timelines and determine the schedule for awarding scholarships that meets operational needs of eligible families and programs. The commissioner must give highest priority to applications from children who:

(1) have a parent under age 21 who is pursuing a high school diploma or a course of study for a high school equivalency test;

(2) are in foster care or otherwise in need of protection or services; or

(3) have experienced homelessness in the last 24 months, as defined under the federal McKinney-Vento Homeless Assistance Act, United States Code, title 42, section 11434a.

The commissioner may prioritize applications on additional factors including family income, geographic location, and whether the child's family is on a waiting list for a publicly funded program providing early education or child care services.

(b) The commissioner shall establish a target for the average scholarship amount per child based on the results of the rate survey conducted under section 119B.02.

(c) A four-star rated program that has children eligible for a scholarship enrolled in or on a waiting list for a program beginning in July, August, or September may notify the commissioner, in the form and manner prescribed by the commissioner, each year of the program's desire to enhance program services or to serve more children than current funding provides. The commissioner may designate a predetermined number of scholarship slots for that program and notify the program of that number. For fiscal year 2018 and later, the statewide amount of funding directly designated by the commissioner must not exceed the funding directly designated for fiscal year 2017. Beginning July 1, 2016, a school district or Head Start program qualifying under this paragraph may use its established registration process to enroll scholarship recipients and may verify a scholarship recipient's family income in the same manner as for other program participants.

(d) A scholarship is awarded for a 12-month period. If the scholarship recipient has not been accepted and subsequently enrolled in a rated program within ten months of the awarding of the scholarship, the scholarship cancels and the recipient must reapply in order to be eligible for another scholarship. A child may not be awarded more than one scholarship in a 12-month period.

(e) A child over the age of three who receives a scholarship ~~who~~ and has not completed development screening under sections 121A.16 to 121A.19 must complete that screening within 90 days of first attending an eligible program. A child who receives a scholarship before the age of three must complete the developmental screening no later than 90 days after the child's third birthday.

(f) For fiscal year 2017 and later, a school district or Head Start program enrolling scholarship recipients under paragraph (c) may apply to the commissioner, in the form and manner prescribed by the commissioner, for direct payment of state aid. Upon receipt of the application, the commissioner must pay each program directly for each approved scholarship recipient enrolled under paragraph (c) according to the metered payment system or another schedule established by the commissioner.

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Sec. 6. Minnesota Statutes 2017 Supplement, section 124D.165, subdivision 4, is amended to read:

Subd. 4. **Early childhood program eligibility.** (a) In order to be eligible to accept an early learning scholarship, a program must:

(1) participate in the quality rating and improvement system under section 124D.142; and

(2) beginning July 1, 2020, have a three- or four-star rating in the quality rating and improvement system.

(b) Any program accepting scholarships must use the revenue to supplement and not supplant federal funding.

~~(c) Notwithstanding paragraph (a), all Minnesota early learning foundation scholarship program pilot sites are eligible to accept an early learning scholarship under this section.~~

Sec. 7. Minnesota Statutes 2017 Supplement, section 124D.549, is amended to read:

124D.549 COMMISSIONER-SELECTED HIGH SCHOOL EQUIVALENCY ~~TEST~~ TESTS.

The commissioner, in consultation with adult basic education stakeholders, must select ~~a~~ at least one high school equivalency test. The commissioner may issue a high school equivalency diploma to a Minnesota resident 19 years of age or older who has not earned a high school diploma, who has not previously been issued a ~~general education development (GED) certification~~ high school equivalency diploma, and who has exceeded or achieved a minimum passing score on ~~the~~ an approved equivalency test established by the publisher. The commissioner of education may waive the minimum age requirement if supportive evidence is provided by an employer or a recognized education or rehabilitation provider.

Sec. 8. Minnesota Statutes 2017 Supplement, section 124D.99, subdivision 3, is amended to read:

Subd. 3. **Administration; design.** (a) The commissioner shall establish program requirements, an application process and timeline for each tier of grants specified in subdivision 4, criteria for evaluation of applications, and a grant awards process. The commissioner's process must minimize administrative costs, minimize burdens for applicants and grant recipients, and provide a framework that permits flexibility in program design and implementation among grant recipients.

(b) To the extent practicable, the commissioner shall design the program to align with programs implemented or proposed by organizations in Minnesota that:

(1) identify and increase the capacity of organizations that are focused on achieving data-driven, locally controlled positive outcomes for children and youth throughout an entire neighborhood or geographic area through programs such as Strive Together, Promise Neighborhood, and the Education Partnerships Coalition members;

(2) build a continuum of educational family and community supports with academically rigorous schools at the center;

(3) maximize program efficiencies by integrating programmatic activities and eliminating administrative barriers;

(4) develop local infrastructure needed to sustain and scale up proven and effective solutions beyond the initial neighborhood or geographic area; ~~and~~

(5) utilize appropriate outcome measures based on unique community needs and interests and apply rigorous evaluation on a periodic basis to be used to both monitor outcomes and allow for continuous improvements to systems~~.~~;

(6) collect and utilize data to improve student outcomes;

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(7) share disaggregated performance data with the community to set community-level outcomes;

(8) employ continuous improvement processes;

(9) have an anchor entity to manage the partnership;

(10) convene a cross-sector leadership group and have a documented accountability structure; and

(11) demonstrate use of nonstate funds, from multiple sources, including in-kind contributions.

(c) A grant recipient's supportive services programming must address:

(1) kindergarten readiness and youth development;

(2) grade 3 reading proficiency;

(3) middle school mathematics;

~~(3)~~ (4) high school graduation;

~~(4)~~ (5) postsecondary educational ~~attainment~~ enrollment;

(6) postsecondary education completion;

~~(5)~~ (7) physical and mental health;

~~(6)~~ (8) development of career skills and readiness;

~~(7)~~ (9) parental engagement and development;

~~(8)~~ (10) community engagement and programmatic alignment; and

~~(9)~~ (11) reduction of remedial education.

(d) The commissioner, in consultation with grant recipients, must:

(1) develop and revise core indicators of progress toward outcomes specifying impacts for each tier identified under subdivision 4;

(2) establish a reporting system for grant recipients to measure program outcomes using data sources and program goals; and

(3) evaluate effectiveness based on the core indicators established by each partnership for each tier.

Sec. 9. Minnesota Statutes 2017 Supplement, section 124D.99, subdivision 5, is amended to read:

Subd. 5. **Grants.** (a) The commissioner shall award Tier 1 and Tier 2 grants to qualifying recipients that can demonstrate a nonstate source of funds, including in-kind contributions.

(b) For Tier 2 grants authorized for fiscal year 2020 and later, the commissioner must give priority to otherwise qualified past grant recipients that have made progress toward identified program outcomes under subdivision 3, paragraph (d).

Sec. 10. Minnesota Statutes 2017 Supplement, section 136A.246, subdivision 4, is amended to read:

Subd. 4. **Application.** Applications must be made to the commissioner on a form provided by the commissioner. The commissioner must, to the extent possible, make the application form as short and simple to complete as is reasonably possible. The commissioner shall establish a schedule for applications and grants. The application must include, without limitation:

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(1) the projected number of employee trainees;

(2) the number of projected employee trainees who graduated from high school or passed ~~the~~ a commissioner of education-selected high school equivalency test in the current or immediately preceding calendar year;

(3) the competency standard for which training will be provided;

(4) the credential the employee will receive upon completion of training;

(5) the name and address of the training institution or program and a signed statement by the institution or program that it is able and agrees to provide the training;

(6) the period of the training; and

(7) the cost of the training charged by the training institution or program and certified by the institution or program. The cost of training includes tuition, fees, and required books and materials.

An application may be made for training of employees of multiple employers either by the employers or by an organization on their behalf.

Sec. 11. Minnesota Statutes 2017 Supplement, section 155A.30, subdivision 12, is amended to read:

Subd. 12. **Minnesota state authorization.** A cosmetology school licensed or applying for licensure under this section shall maintain recognition as an institution of postsecondary study by meeting the following conditions, in addition to the provisions of Minnesota Rules, ~~parts~~ part 2110.0310 ~~and 2110.0370~~:

(1) the school must admit as regular students only those individuals who have a high school diploma or a diploma based on passing a commissioner of education-selected high school equivalency ~~tests or their equivalent~~ test, or who are beyond the age of compulsory education as prescribed by section 120A.22; and

(2) the school must be licensed by name and authorized by the Office of Higher Education and the board to offer one or more training programs beyond the secondary level.

Sec. 12. Minnesota Statutes 2016, section 245C.02, is amended by adding a subdivision to read:

Subd. 5a. **National criminal history record check.** (a) "National criminal history record check" means a check of records maintained by the Federal Bureau of Investigation through submission of fingerprints through the Minnesota Bureau of Criminal Apprehension to the Federal Bureau of Investigation when specifically required by law.

(b) For purposes of this chapter, "national crime information database," "national criminal records repository," "criminal history with the Federal Bureau of Investigation," and "national criminal record check" mean a national criminal history record check defined in paragraph (a).

Sec. 13. Minnesota Statutes 2016, section 245C.12, is amended to read:

245C.12 BACKGROUND STUDY; TRIBAL ORGANIZATIONS.

(a) For the purposes of background studies completed by tribal organizations performing licensing activities otherwise required of the commissioner under this chapter, after obtaining consent from the background study subject, tribal licensing agencies shall have access to criminal history data in the same manner as county licensing agencies and private licensing agencies under this chapter.

(b) Tribal organizations may contract with the commissioner to obtain background study data on individuals under tribal jurisdiction related to adoptions according to section 245C.34. Tribal organizations

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may also contract with the commissioner to obtain background study data on individuals under tribal jurisdiction related to child foster care according to section 245C.34.

(c) For the purposes of background studies completed to comply with a tribal organization's licensing requirements for individuals affiliated with a tribally licensed nursing facility, the commissioner shall obtain criminal history data from the National Criminal Records Repository in accordance with section 245C.32.

(d) Tribal organizations may contract with the commissioner to conduct background studies or obtain background study data on individuals affiliated with a child care program sponsored, managed, or licensed by a tribal organization. Studies conducted under this paragraph require the commissioner to conduct a national criminal history record check as defined in section 245C.02, subdivision 5a. Any tribally affiliated child care program that does not contract with the commissioner to conduct background studies is exempt from the relevant requirements in this chapter. A study conducted under this paragraph must include all components of studies for certified license-exempt child care centers under this chapter to be transferable to other child care entities.

Sec. 14. **[245C.121] BACKGROUND STUDY; HEAD START PROGRAMS.**

Head Start programs that receive funding disbursed under section 119A.52 may contract with the commissioner to conduct background studies and obtain background study data on individuals affiliated with a Head Start program. Studies conducted under this paragraph require the commissioner to conduct a national criminal history record check as defined in section 245C.02, subdivision 5a. Any Head Start program site that does not contract with the commissioner, is not licensed, and is not registered to receive funding under chapter 119B is exempt from the relevant requirements in this chapter. Nothing in this paragraph supersedes requirements for background studies in this chapter, chapter 119B, or child care centers under chapter 245H that are related to licensed child care programs or programs registered to receive funding under chapter 119B. A study conducted under this paragraph must include all components of studies for certified license-exempt child care centers under this chapter to be transferable to other child care entities.

Sec. 15. Laws 2017, First Special Session chapter 5, article 9, section 2, subdivision 7, is amended to read:

Subd. 7. **Tier 2 implementing grants.** (a) For Tier 2 implementing grants under Minnesota Statutes, section 124D.99:

$	480,000	.....	2018
$	~~480,000~~ 553,000	.....	2019

(b) For fiscal years 2018 and 2019 only, $160,000 each year is for the Northfield Healthy Community Initiative in Northfield; $160,000 is for the Jones Family Foundation for the Every Hand Joined program in Red Wing; and $160,000 is for the United Way of Central Minnesota for the Partners for Student Success program.

(c) For fiscal year 2019 only, $73,000 is for the United Way of Central Minnesota for the Promise Neighborhood of Central Minnesota.

(d) The base funding for Tier 2 implementing grants is $480,000. The commissioner must competitively award all grants under this subdivision for fiscal year 2020 and later. according to the criteria in Minnesota Statutes, section 124D.99, subdivision 3.

~~(d)~~ (e) Any balance in the first year does not cancel but is available in the second year.

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ARTICLE 53

STATE AGENCIES

Section 1. Minnesota Statutes 2016, section 128C.03, is amended to read:

128C.03 ELIGIBILITY BYLAWS, POLICIES, AND PROCEDURES.

Subdivision 1. **Public input and access to proposed eligibility bylaws, policies, and procedures.** (a) The league shall adopt procedures to ensure public notice of all eligibility ~~rules and~~ bylaws, policies, and procedures that will afford the opportunity for public hearings on proposed eligibility ~~rules~~ bylaws, policies, and procedures. If requested by ~~100~~ 25 or more parents or guardians of students, the public hearing must be conducted by an administrative law judge from the Office of Administrative Hearings, or by a person hired under contract by the Office of Administrative Hearings~~, or by an independent hearing officer appointed by the commissioner of education from a list maintained for that purpose~~. At the conclusion of a public hearing ~~requested by 100 or more parents or guardians of students~~, the person conducting the hearing shall write a report evaluating the extent to which the league has shown that the proposed ~~rule is~~ bylaws, policies, and procedures are needed and reasonable and the legality of the proposed ~~rule~~ bylaws, policies, and procedures. The league shall pay for hearings under this section.

(b) The league shall:

(1) maintain a public docket on the league's Web site that includes historical and proposed changes in eligibility bylaws, policies, and procedures;

(2) post notice and final versions of all proposed changes to eligibility policies, procedures, and definitions to the league Web site for at least 30 days prior to board meetings;

(3) include publication dates on all versions of the league's official handbook or other advisory documents regarding league eligibility bylaws, policies, procedures, and definitions; and

(4) reconcile and remove duplicate eligibility policies and procedures.

Subd. 2. **Eligibility review process.** (a) The league must establish a process for student eligibility review that provides students and parents with a reasonable opportunity to present information regarding the student's eligibility. The league must:

(1) publish general criteria by which a request for review may qualify for a review by the league's eligibility committee;

(2) publish general criteria by which a review may qualify for further review by an independent hearing officer;

(3) indicate the conditions, timelines, and procedures for administering any review under clause (1) or (2); and

(4) provide specific reasons for denying the request for reviews for which the league denies a request.

(b) The eligibility review process contained in this section does not create a property right or liberty interest in extracurricular varsity athletic competition.

Sec. 2. Minnesota Statutes 2016, section 128C.20, is amended to read:

128C.20 LEAGUE INFORMATION REVIEW AND REPORT; COMMISSIONER ~~REVIEW OF LEAGUE~~ RECOMMENDATIONS.

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Subdivision 1. **Annually.** (a) Each year, the ~~commissioner of education~~ league shall ~~obtain and~~ review the following information ~~about the league~~:

(1) an accurate and concise summary of the annual financial and compliance audit prepared by the state auditor that includes information about the compensation of and the expenditures by the executive director of the league and league staff;

(2) a list of all complaints filed with the league and all lawsuits filed against the league and the disposition of those complaints and lawsuits;

(3) an explanation of the executive director's performance review;

(4) information about the extent to which the league has implemented its affirmative action policy, its comparable worth plan, and its sexual harassment and violence policy and rules; ~~and~~

(5) an evaluation of ~~any proposed changes in~~ league ~~policy~~ bylaws, policies, procedures, and definitions, including those that have been proposed, for compliance with Department of Education programs and applicable state and federal law; and

(6) an explanation of recent and proposed changes to eligibility bylaws, policies, and procedures, including the eligibility review process under section 128C.03, subdivision 2.

The league shall post the review on the league's Web site and present written copies of the review to the commissioner of education and the chairs and ranking minority members of the legislative committees with jurisdiction over kindergarten through grade 12 education.

(b) The commissioner may examine any league activities or league-related issues when the commissioner believes this review is warranted.

Subd. 2. **Recommend laws.** The commissioner may recommend to the legislature whether any legislation is made necessary by league activities.

Sec. 3. Laws 2017, First Special Session chapter 5, article 11, section 9, subdivision 2, is amended to read:

Subd. 2. **Department.** (a) For the Department of Education:

$	27,158,000	.....	2018
$	~~24,874,000~~ 25,059,000	.....	2019

Of these amounts:

(1) $231,000 each year is for the Board of School Administrators, and beginning in fiscal year 2020, the amount indicated is from the educator licensure account in the special revenue fund;

(2) $1,000,000 each year is for regional centers of excellence under Minnesota Statutes, section 120B.115;

(3) $500,000 each year is for the school safety technical assistance center under Minnesota Statutes, section 127A.052;

(4) $250,000 each year is for the School Finance Division to enhance financial data analysis;

(5) $720,000 each year is for implementing Minnesota's Learning for English Academic Proficiency and Success Act under Laws 2014, chapter 272, article 1, as amended;

(6) $2,750,000 in fiscal year 2018 and $500,000 in fiscal year 2019 are for the Department of Education's mainframe update;

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(7) $123,000 each year is for a dyslexia specialist; ~~and~~

(8) $2,000,000 each year is for legal fees and costs associated with litigation; and

(9) $185,000 in fiscal year 2019 only is for the Turnaround Arts program.

(b) Any balance in the first year does not cancel but is available in the second year.

(c) None of the amounts appropriated under this subdivision may be used for Minnesota's Washington, D.C. office.

(d) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

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

(f) The agency's base is ~~$22,054,000~~ $22,139,000 for fiscal year 2020 and $21,965,000 for 2021.

(g) For the fiscal year 2018 appropriation only, any amounts remaining unspent in paragraph (a), clause (8), as of June 30, 2018, must be reallocated according to paragraphs (h), (i), and (j), for grants in fiscal year 2019.

(h) 50 percent of the amount under paragraph (g) must be allocated for additional character development grants. This amount is available until June 30, 2021.

(i) 37.5 percent of the amount under paragraph (g) is for a grant to the For Jake's Sake Foundation to collaborate with school districts throughout Minnesota to integrate evidence-based substance misuse prevention instruction on the dangers of substance misuse, particularly the use of opioids, into school district programs and curricula, including health education curricula. Funds are to:

(1) identify effective substance misuse prevention tools and strategies, including innovative uses of technology and media;

(2) develop and promote a comprehensive substance misuse prevention curriculum for students in grades 5 through 12 that educates students and families about the dangers of substance misuse;

(3) integrate substance misuse prevention into curricula across subject areas;

(4) train school district teachers, athletic coaches, and other school staff in effective substance misuse prevention strategies; and

(5) collaborate with school districts to evaluate the effectiveness of districts' substance misuse prevention efforts.

By February 15, 2019, the grantee must submit a report detailing expenditures and outcomes of the grant to the chairs and ranking minority members of the legislative committees with primary jurisdiction over kindergarten through grade 12 education policy and finance. The report must identify the school districts that have implemented or plan to implement the substance misuse prevention curriculum. This amount is available until June 30, 2021.

(j) 12.5 percent of the amount in paragraph (g) is for a grant to the Mind Foundry Learning Foundation to run after-school STEM programming to inspire and educate underserved youth in St. Paul about the value of STEM fields in 21st century work and learning. This amount is available until June 30, 2021.

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Sec. 4. Laws 2017, First Special Session chapter 5, article 11, section 10, is amended to read:

Sec. 10. **APPROPRIATIONS; PROFESSIONAL EDUCATOR LICENSING AND STANDARDS BOARD ~~OF TEACHING~~.**

Subdivision 1. **Board ~~of Teaching~~.** (a) The sums indicated in this section are appropriated from the general fund to the Board of Teaching or any successor organization for the fiscal years designated:

$	3,481,000	.....	2018
$	~~3,493,000~~ 3,518,000	.....	2019

(b) This appropriation includes funds for information technology project services and support subject to Minnesota Statutes, section 16E.0466. Any ongoing information technology costs will be incorporated into an interagency agreement and will be paid to the Office of MN.IT Services by the Board of Teaching under the mechanism specified in that agreement.

(c) The fiscal year 2019 appropriation includes $25,000 for developing a process for districts to submit ethics complaints.

~~(c)~~ (d) Any balance in the first year does not cancel but is available in the second year.

~~(d)~~ (e) Beginning in fiscal year 2020, the amounts indicated are appropriated from the educator licensure account in the special revenue fund or, if the amount in the educator licensure account is insufficient, from the general fund to the Board of Teaching or any successor organization. If a successor organization is established, the Department of Administration must provide administrative support to the successor organization under Minnesota Statutes, section 16B.371. The commissioner of administration must assess the board for services provided under this section.

~~(e)~~ (f) The base for fiscal year 2020 is $2,734,000 and $2,709,000 for fiscal year 2021.

Subd. 2. **Licensure by portfolio.** For licensure by portfolio:

$	34,000	.....	2018
$	34,000	.....	2019

This appropriation is from the educator licensure portfolio account in the special revenue fund.

Sec. 5. Laws 2017, First Special Session chapter 5, article 11, section 12, is amended to read:

Sec. 12. **APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION.**

(a) The sums in this section are appropriated from the general fund to the Perpich Center for Arts Education for the fiscal years designated:

	~~8,173,000~~		
$	7,394,000	.....	2018
$	6,973,000	.....	2019

(b) Of the ~~amounts appropriated in paragraph (a)~~ amount in fiscal year 2018, $370,000 is ~~for fiscal years 2018 or 2019 only~~ for arts integration and Turnaround Arts programs and is available until June 30, 2019.

(c) ~~$1,200,000~~ $400,000 in fiscal year 2018 is for severance payments related to the closure of Crosswinds school and is available until June 30, 2019.

(d) The base in fiscal year 2020 is $6,973,000.

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Sec. 6. Laws 2017, First Special Session chapter 5, article 11, section 13, is amended to read:

Sec. 13. **CROSSWINDS DISPOSITION COSTS.**

~~$162,000~~ $21,000 in fiscal year 2018 only is appropriated from the general fund to the Perpich Center for Arts Education. The amount appropriated in this section is for transfer to the commissioner of administration for costs related to the sale of the Crosswinds school and is available until June 30, 2019.

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

Sec. 7. **REPEALER.**

Minnesota Statutes 2016, section 128C.02, subdivision 6, is repealed.

ARTICLE 54

FORECAST ADJUSTMENTS

A. GENERAL EDUCATION

Section 1. Laws 2017, First Special Session chapter 5, article 1, section 19, subdivision 3, is amended to read:

Subd. 3. **Enrollment options transportation.** For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

$	~~29,000~~ 25,000	.....	2018
$	~~31,000~~ 27,000	.....	2019

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

Sec. 2. Laws 2017, First Special Session chapter 5, article 1, section 19, subdivision 4, is amended to read:

Subd. 4. **Abatement aid.** For abatement aid under Minnesota Statutes, section 127A.49:

$	~~2,374,000~~ 2,584,000	.....	2018
$	~~2,163,000~~ 3,218,000	.....	2019

The 2018 appropriation includes $262,000 for 2017 and ~~$2,112,000~~ $2,322,000 for 2018.

The 2019 appropriation includes ~~$234,000~~ $258,000 for 2018 and ~~$1,929,000~~ $2,960,000 for 2019.

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

Sec. 3. Laws 2017, First Special Session chapter 5, article 1, section 19, subdivision 6, is amended to read:

Subd. 6. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

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	~~18,197,000~~		
$	17,779,000	.....	2018
	~~19,225,000~~		
$	17,910,000	.....	2019

The 2018 appropriation includes $1,687,000 for 2017 and ~~$16,510,000~~ $16,092,000 for 2018.

The 2019 appropriation includes ~~$1,834,000~~ $1,787,000 for 2018 and ~~$17,391,000~~ $16,123,000 for 2019.

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

Sec. 4. Laws 2017, First Special Session chapter 5, article 1, section 19, subdivision 7, is amended to read:

Subd. 7. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

	~~18,372,000~~		
$	17,549,000	.....	2018
	~~18,541,000~~		
$	18,309,000	.....	2019

The 2018 appropriation includes $1,835,000 for 2017 and ~~$16,537,000~~ $15,714,000 for 2018.

The 2019 appropriation includes ~~$1,837,000~~ $1,745,000 for 2018 and ~~$16,704,000~~ $16,564,000 for 2019.

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

Sec. 5. Laws 2017, First Special Session chapter 5, article 1, section 19, subdivision 9, is amended to read:

Subd. 9. **Career and technical aid.** For career and technical aid under Minnesota Statutes, section 124D.4531, subdivision 1b:

	~~4,561,000~~		
$	4,757,000	.....	2018
	~~4,125,000~~		
$	4,384,000	.....	2019

The 2018 appropriation includes $476,000 for 2017 and ~~$4,085,000~~ $4,281,000 for 2018.

The 2019 appropriation includes ~~$453,000~~ $475,000 for 2018 and ~~$3,672,000~~ $3,909,000 for 2019.

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

B. EDUCATION EXCELLENCE

Sec. 6. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 2, is amended to read:

Subd. 2. **Achievement and integration aid.** For achievement and integration aid under Minnesota Statutes, section 124D.862:

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	~~71,249,000~~		
$	71,693,000	.....	2018
	~~73,267,000~~		
$	73,926,000	.....	2019

The 2018 appropriation includes $6,725,000 for 2017 and ~~$64,524,000~~ $64,968,000 for 2018.

The 2019 appropriation includes ~~$7,169,000~~ $7,218,000 for 2018 and ~~$66,098,000~~ $66,708,000 for 2019.

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

Sec. 7. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 3, is amended to read:

Subd. 3. **Literacy incentive aid.** For literacy incentive aid under Minnesota Statutes, section 124D.98:

	~~47,264,000~~		
$	46,517,000	.....	2018
	~~47,763,000~~		
$	46,188,000	.....	2019

The 2018 appropriation includes $4,597,000 for 2017 and ~~$42,667,000~~ $41,920,000 for 2018.

The 2019 appropriation includes ~~$4,740,000~~ $4,657,000 for 2018 and ~~$43,023,000~~ $41,531,000 for 2019.

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

Sec. 8. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 4, is amended to read:

Subd. 4. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

	~~13,337,000~~		
$	14,328,000	.....	2018
	~~14,075,000~~		
$	15,065,000	.....	2019

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

Sec. 9. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 5, is amended to read:

Subd. 5. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

	~~3,623,000~~		
$	2,954,000	.....	2018
	~~4,018,000~~		
$	3,381,000	.....	2019

The 2018 appropriation includes $323,000 for 2017 and ~~$3,300,000~~ $2,631,000 for 2018.

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The 2019 appropriation includes ~~$366,000~~ $292,000 for 2018 and ~~$3,652,000~~ $3,089,000 for 2019.

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

Sec. 10. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 6, is amended to read:

Subd. 6. **American Indian education aid.** For American Indian education aid under Minnesota Statutes, section 124D.81, subdivision 2a:

$	9,244,000	.....	2018
$	~~9,464,000~~ 9,409,000	.....	2019

The 2018 appropriation includes $886,000 for 2017 and $8,358,000 for 2018.

The 2019 appropriation includes $928,000 for 2018 and ~~$8,536,000~~ $8,481,000 for 2019.

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

Sec. 11. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 21, is amended to read:

Subd. 21. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124E.22:

$	~~73,341,000~~ 73,334,000	.....	2018
$	~~78,802,000~~ 79,098,000	.....	2019

The 2018 appropriation includes $6,850,000 for 2017 and ~~$66,491,000~~ $66,484,000 for 2018.

The 2019 appropriation includes $7,387,000 for 2018 and ~~$71,415,000~~ $71,711,000 for 2019.

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

Sec. 12. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 26, is amended to read:

Subd. 26. **Alternative teacher compensation aid.** For alternative teacher compensation aid under Minnesota Statutes, section 122A.415, subdivision 4:

$	~~89,863,000~~ 90,131,000	.....	2018
$	~~89,623,000~~ 89,789,000	.....	2019

The 2018 appropriation includes $8,917,000 for 2017 and ~~$80,946,000~~ $81,214,000 for 2018.

The 2019 appropriation includes ~~$8,994,000~~ $9,023,000 for 2018 and ~~$80,629,000~~ $80,766,000 for 2019.

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

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C. SPECIAL EDUCATION

Sec. 13. Laws 2017, First Special Session chapter 5, article 4, section 12, subdivision 3, is amended to read:

Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

$	~~1,597,000~~ 1,022,000	.....	2018
$	~~1,830,000~~ 1,204,000	.....	2019

If the appropriation for either year is insufficient, the appropriation for the other year is available.

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

Sec. 14. Laws 2017, First Special Session chapter 5, article 4, section 12, subdivision 4, is amended to read:

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

$	~~508,000~~ 412,000	.....	2018
$	~~532,000~~ 421,000	.....	2019

The 2018 appropriation includes $48,000 for 2017 and ~~$460,000~~ $364,000 for 2018.

The 2019 appropriation includes ~~$51,000~~ $40,000 for 2018 and ~~$481,000~~ $381,000 for 2019.

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

Sec. 15. Laws 2017, First Special Session chapter 5, article 4, section 12, subdivision 5, is amended to read:

Subd. 5. **Court-placed special education revenue.** For reimbursing serving school districts for unreimbursed eligible expenditures attributable to children placed in the serving school district by court action under Minnesota Statutes, section 125A.79, subdivision 4:

$	~~46,000~~ 40,000	.....	2018
$	~~47,000~~ 41,000	.....	2019

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

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D. FACILITIES AND TECHNOLOGY

Sec. 16. Laws 2017, First Special Session chapter 5, article 5, section 14, subdivision 2, is amended to read:

Subd. 2. **Debt service equalization aid.** For debt service equalization aid under Minnesota Statutes, section 123B.53, subdivision 6:

$	24,908,000	.....	2018
$	~~22,360,000~~ 23,137,000	.....	2019

The 2018 appropriation includes $2,324,000 for 2017 and $22,584,000 for 2018.

The 2019 appropriation includes $2,509,000 for 2018 and ~~$19,851,000~~ $20,628,000 for 2019.

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

Sec. 17. Laws 2017, First Special Session chapter 5, article 5, section 14, subdivision 3, is amended to read:

Subd. 3. **Long-term facilities maintenance equalized aid.** For long-term facilities maintenance equalized aid under Minnesota Statutes, section 123B.595, subdivision 9:

$	~~80,179,000~~ 81,053,000	.....	2018
$	~~103,460,000~~ 102,374,000	.....	2019

The 2018 appropriation includes $5,815,000 for 2017 and ~~$74,364,000~~ $75,238,000 for 2018.

The 2019 appropriation includes ~~$8,262,000~~ $8,359,000 for 2018 and ~~$95,198,000~~ $94,015,000 for 2019.

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

E. NUTRITION

Sec. 18. Laws 2017, First Special Session chapter 5, article 6, section 3, subdivision 2, is amended to read:

Subd. 2. **School lunch.** For school lunch aid under Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

$	~~16,721,000~~ 16,143,000	.....	2018
$	~~17,223,000~~ 16,477,000	.....	2019

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

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Sec. 19. Laws 2017, First Special Session chapter 5, article 6, section 3, subdivision 3, is amended to read:

Subd. 3. **School breakfast.** For traditional school breakfast aid under Minnesota Statutes, section 124D.1158:

	~~10,601,000~~		
$	10,474,000	.....	2018
	~~11,359,000~~		
$	11,282,000	.....	2019

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

Sec. 20. Laws 2017, First Special Session chapter 5, article 6, section 3, subdivision 4, is amended to read:

Subd. 4. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes, section 124D.118:

	~~758,000~~		
$	734,000	.....	2018
	~~758,000~~		
$	734,000	.....	2019

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

F. EARLY CHILDHOOD AND FAMILY SUPPORT

Sec. 21. Laws 2017, First Special Session chapter 5, article 8, section 10, subdivision 3, is amended to read:

Subd. 3. **Mixed delivery prekindergarten programs.** (a) For mixed delivery prekindergarten programs and school readiness plus programs:

	~~21,429,000~~		
$	0	.....	2018
	~~28,571,000~~		
$	0	.....	2019

(b) The fiscal year 2018 appropriation includes $0 for 2017 and ~~$21,429,000~~ $0 for 2018.

(c) The fiscal year 2019 appropriation includes ~~$2,381,000~~ $0 for 2018 and ~~$26,190,000~~ $0 for 2019.

(d) The commissioner must proportionately allocate the amounts appropriated in this subdivision among each education funding program affected by the enrollment of mixed delivery system prekindergarten pupils.

(e) The appropriation under this subdivision is reduced by any other amounts specifically appropriated for those purposes.

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

Sec. 22. Laws 2017, First Special Session chapter 5, article 8, section 10, subdivision 5a, is amended to read:

Subd. 5a. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

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	~~30,405,000~~		
$	29,760,000	.....	2018
	~~31,977,000~~		
$	30,870,000	.....	2019

The 2018 appropriation includes $2,904,000 for 2017 and ~~$27,501,000~~ $26,856,000 for 2018.

The 2019 appropriation includes ~~$3,055,000~~ $2,983,000 for 2018 and ~~$28,922,000~~ $27,887,000 for 2019.

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

Sec. 23. Laws 2017, First Special Session chapter 5, article 8, section 10, subdivision 6, is amended to read:

Subd. 6. **Developmental screening aid.** For developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

	~~3,606,000~~		
$	3,663,000	.....	2018
	~~3,629,000~~		
$	3,688,000	.....	2019

The 2018 appropriation includes $358,000 for 2017 and ~~$3,248,000~~ $3,305,000 for 2018.

The 2019 appropriation includes ~~$360,000~~ $367,000 for 2018 and ~~$3,269,000~~ $3,321,000 for 2019.

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

Sec. 24. Laws 2017, First Special Session chapter 5, article 8, section 10, subdivision 12, is amended to read:

Subd. 12. **Home visiting aid.** For home visiting aid under Minnesota Statutes, section 124D.135:

	~~527,000~~		
$	503,000	.....	2018
	~~571,000~~		
$	525,000	.....	2019

The 2018 appropriation includes $0 for 2017 and ~~$527,000~~ $503,000 for 2018.

The 2019 appropriation includes ~~$58,000~~ $55,000 for 2018 and ~~$513,000~~ $470,000 for 2019.

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

G. COMMUNITY EDUCATION AND PREVENTION

Sec. 25. Laws 2017, First Special Session chapter 5, article 9, section 2, subdivision 2, is amended to read:

Subd. 2. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

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	~~483,000~~		
$	477,000	.....	2018
	~~393,000~~		
$	410,000	.....	2019

The 2018 appropriation includes $53,000 for 2017 and ~~$430,000~~ $424,000 for 2018.

The 2019 appropriation includes $47,000 for 2018 and ~~$346,000~~ $363,000 for 2019.

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

H. SELF-SUFFICIENCY AND LIFELONG LEARNING

Sec. 26. Laws 2017, First Special Session chapter 5, article 10, section 6, subdivision 2, is amended to read:

Subd. 2. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

	~~50,010,000~~		
$	48,708,000	.....	2018
	~~51,497,000~~		
$	50,109,000	.....	2019

The 2018 appropriation includes $4,881,000 for 2017 and ~~$45,129,000~~ $43,827,000 for 2018.

The 2019 appropriation includes ~~$5,014,000~~ $4,869,000 for 2018 and ~~$46,483,000~~ $45,240,000 for 2019.

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

ARTICLE 55

MISCELLANEOUS FINANCE

Section 1. Minnesota Statutes 2016, section 16A.103, subdivision 1, is amended to read:

Subdivision 1. **State revenue and expenditures.** In February and November each year, the commissioner shall prepare a forecast of state revenue and expenditures. The November forecast must be delivered to the legislature and governor no later than ~~the end of the first week of~~ December 6. The February forecast must be delivered to the legislature and governor by the end of February. Forecasts must be delivered to the legislature and governor on the same day. If requested by the Legislative Commission on Planning and Fiscal Policy, delivery to the legislature must include a presentation to the commission.

Sec. 2. Minnesota Statutes 2016, section 16A.103, subdivision 1b, is amended to read:

Subd. 1b. **Forecast variable.** In determining the amount of state bonding as it affects debt service, the calculation of investment income, and the other variables to be included in the expenditure part of the forecast, the commissioner must consult with the chairs and lead minority members of the senate ~~State Government~~ Finance Committee and the house of representatives Ways and Means Committee, and legislative fiscal staff. This consultation must occur at least three weeks before the forecast is to be released. No later than two weeks prior to the release of the forecast, the commissioner must inform the chairs and lead minority

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members of the senate ~~State Government~~ Finance Committee and the house of representatives Ways and Means Committee, and legislative fiscal staff of any changes in these variables from the previous forecast.

Sec. 3. Minnesota Statutes 2016, section 16A.103, is amended by adding a subdivision to read:

Subd. 1i. **Budget close report.** By October 15 of each odd-numbered year, the commissioner shall prepare a detailed fund balance analysis of the general fund for the previous biennium. The analysis shall include a comparison to the most recent publicly available fund balance analysis of the general fund. The commissioner shall provide this analysis to the chairs and ranking minority members of the house of representatives Ways and Means Committee and the senate Finance Committee, and shall post the analysis on the agency's Web site.

Sec. 4. Minnesota Statutes 2016, section 16A.99, subdivision 2, is amended to read:

Subd. 2. **Authority.** (a) Subject to the limitations of this subdivision, the commissioner may sell and issue appropriation bonds of the state under this section for public purposes as provided by law. Proceeds of the bonds must be credited to a special appropriation bond proceeds fund in the state treasury. Net income from investment of the proceeds, as estimated by the commissioner, must be credited to the special appropriation bond proceeds fund.

(b) Appropriation bonds may be sold and issued in amounts that, in the opinion of the commissioner, are necessary to provide sufficient funds, not to exceed $640,000,000 ~~and subject to the limitation in section 16A.97,~~ for achieving the purposes authorized as provided under paragraph (a), and pay debt service, pay costs of issuance, make deposits to reserve funds, pay the costs of credit enhancement, or make payments under other agreements entered into under paragraph (d); provided, however, that bonds issued and unpaid shall not exceed $800,000,000 in principal amount, excluding refunding bonds sold and issued under subdivision 4.

(c) Appropriation bonds may be issued from time to time in one or more series on the terms and conditions the commissioner determines to be in the best interests of the state, but the term on any series of bonds may not exceed 30 years. The bonds of each issue shall be dated and bear interest, and may be includable in or excludable from the gross income of the owners for federal income tax purposes.

(d) At the time of, or in anticipation of, issuing the appropriation bonds, and at any time thereafter, so long as the appropriation bonds are outstanding, the commissioner may enter into agreements and ancillary arrangements relating to the appropriation bonds, including but not limited to trust indentures, liquidity facilities, remarketing or dealer agreements, letter of credit agreements, insurance policies, guaranty agreements, reimbursement agreements, indexing agreements, or interest exchange agreements. Any payments made or received according to the agreement or ancillary arrangement shall be made from or deposited as provided in the agreement or ancillary arrangement. The determination of the commissioner included in an interest exchange agreement that the agreement relates to an appropriation bond shall be conclusive.

(e) The commissioner may enter into written agreements or contracts relating to the continuing disclosure of information necessary to comply with, or facilitate the issuance of appropriation bonds in accordance with federal securities laws, rules, and regulations, including Securities and Exchange Commission rules and regulations in Code of Federal Regulations, title 17, section 240.15c 2-12. An agreement may be in the form of covenants with purchasers and holders of appropriation bonds set forth in the order or resolution authorizing the issuance of the appropriation bonds, or a separate document authorized by the order or resolution.

(f) The appropriation bonds are not subject to chapter 16C.

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Sec. 5. Minnesota Statutes 2016, section 16A.99, subdivision 4, is amended to read:

Subd. 4. **Refunding bonds.** The commissioner from time to time may issue appropriation bonds for the purpose of refunding any appropriation bonds ~~or tobacco securitization bonds authorized under section 16A.98~~ then outstanding, including the payment of any redemption premiums on the bonds, any interest accrued or to accrue to the redemption date, and costs related to the issuance and sale of the refunding bonds. The proceeds of any refunding bonds may, in the discretion of the commissioner, be applied to the purchase or payment at maturity of the appropriation bonds to be refunded, to the redemption of the outstanding bonds on any redemption date, or to pay interest on the refunding bonds and may, pending application, be placed in escrow to be applied to the purchase, payment, retirement, or redemption. Any escrowed proceeds, pending such use, may be invested and reinvested in obligations that are authorized investments under section 11A.24. The income earned or realized on the investment may also be applied to the payment of the bonds to be refunded or interest or premiums on the refunded bonds, or to pay interest on the refunding bonds. After the terms of the escrow have been fully satisfied, any balance of the proceeds and any investment income may be returned to the general fund or, if applicable, the appropriation bond proceeds account for use in any lawful manner. All refunding bonds issued under this subdivision must be prepared, executed, delivered, and secured by appropriations in the same manner as the bonds to be refunded.

Sec. 6. Minnesota Statutes 2016, section 129D.17, is amended by adding a subdivision to read:

Subd. 6. **Prohibited activities.** Funding from the arts and cultural heritage fund must not be used for projects that promote domestic terrorism or criminal activities.

Sec. 7. Laws 2017, First Special Session chapter 1, article 4, section 31, is amended to read:

Sec. 31. **APPROPRIATION; FIRE REMEDIATION GRANTS.**

$1,392,258 is appropriated in fiscal year 2018 from the general fund to the commissioner of public safety for grants to remediate the effects of fires in the city of Melrose on September 8, 2016. The commissioner must allocate the grants as follows:

(1) ~~$1,296,458~~ $1,381,258 to the city of Melrose; and

(2) ~~$95,800~~ $11,000 to Stearns County.

A grant recipient must use the money appropriated under this section for remediation costs, including disaster recovery, infrastructure, reimbursement for emergency personnel costs, reimbursement for equipment costs, and reimbursements for property tax abatements, incurred by public or private entities as a result of the fires. This is a onetime appropriation and is available until June 30, ~~2018~~ 2019.

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

Sec. 8. **REPEALER.**

Minnesota Statutes 2016, sections 16A.97; and 16A.98, are repealed.

Presented to the governor May 21, 2018

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